PPSC Economics Chapter 1 Basic Economics

Sr	Questions	Answers Choice
1	A deflationary policy could include	A. Increasing injections B. Reducing taxation rates C. Reducing interest rates D. Reducing government spending
2	For equilibrium in an open four sector economy	A. Actual injections = actual withdrawals B. Planned injections = Planned withdrawals C. Savings = investment D. Government spending = tax revenue
3	Injection are	A. Assumed to be exogenous B. Assumed to be a function of national income C. Decrease aggregate demand D. Decrease the investment into an economy
4	If injections are greater than withdrawals.	A. National income will increase B. National income will decrease C. National income will stay in equilibrium D. Price will fall
5	A significant increase in the government budget deficit is likely to.	A. Reduce injections into the economy B. Reduce national income C. Move the economy away from full employment D. Boost aggregate demand
6	If there is a price celling there will be	A. Shortages B. Surpluses C. Equilibrium D. None of these
7	An increase in national income is.	A. Likely to increase exports B. Likely to decrease savings C. Likely to decrease investment D. Likely to increase spending on imports
8	"Reducing inflation is a more important objective than economic growth" is an example of.	A. Normative economics B. Positive economics C. Objective economics D. Reality economics
9	Which of the following is not likely to be a government objective.	A. Increasing employment B. Increasing economic growth C. Increasing government spending D. Increasing the level of exports
10	Which of the following is a possible government objective as opposed to a policy.	A. Lower interest rates B. Lower taxation rates C. Lower government spending D. Lower inflection
11	Which of the following is a policy instrument .as opposed to a government objective.	A. Lower interest rates B. A better balance of trade position C. Faster economic growth D. Lower un employment
12	Which of the following can the government not use directly to control the economy.	A. Pay rates within the privates sector B. Pay rates in the public sector C. Investment in education D. Benefits available for the un employed and sick
13	Which of the following is not a macro economic issue.	A. Unempolyment B. Inflaction C. The wages paid to footballers D. Economic growth

14	Which does the government not control directly.	A. Spending on health B. spending on defense C. Firm's investment decisions D. spending on education
15	Which of the following is not involved with fiscal policy.	A. Income tax B. National insurance C. VAT D. Interest rates
16	If employees cannot accept a job because of the costs of moving this is known as.	A. Occupational immobility B. Cyclical unemployment C. Structural immobility D. Geographical immobility
17	In a perfectly competitive labour market firms are wage takers and the marginal cost of labour equals.	A. the average cost of labour B. The marginal product C. The marginal revenue D. The total cost of labour
18	A profit maximizing firm will employ labour up to the point where.	A. Marginal revenue = Marginal product B. Margial cost = Marginal product C. Marginal revenue product = Average cost of labour D. Marginal revenue product = Marginal cost of labour
19	Demand for labour is more likely to be wage inelastic if.	A. Wages are a small proportion of total costs B. Demand for the final product is price elastic C. It is easy to replace labour D. Capital is a good substitute forlabour
20	The marginal Revenue product is.	A. Upward sloping due to the law of demand B. Upward sloping due to the law of marginal utility C. Downward sloping due to the law of diminishing returns. D. Downward sloping due to the law of supply