

PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	An increase in the wage rate.	A. Will usually lead to more people employed B. Will decrease total earnings if the demand for labour is wage elastic C. Is illegal in a free market D. Will cause a shift in the demand for labour
2	Friend man's theory of consumption focuses on	A. Past income B. Current income C. Disposable income D. Permanent income
3	According to schumpater	A. Monopolies are inefficient B. Monopoly profits act as an incentive for innovation C. Monopolies are allocatively efficient D. Monopolies are productively efficient
4	If the exchange rate is above the equilibrium level.	A. There is excess demand and teh exchange rate will fall B. There is excess supply and the exchange rate will fall C. There is excess demand and the exchange rate will rise D. There is excess supply and the exchange rate will rise
5	To reduce the supply of money the government could.	A. Reduce interest rates B. Buy back government bonds C. Sell government bonds D. Encourage banks to lend
6	Which of the following is not a global organization?	A. IMF B. World bank C. Competition commission D. WTO
7	A movement along the supply curve may be caused by	A. A change in technology B. A change in the number of producers C. A shift in demand D. A change in costs
8	The socially optimal rate of growth is	A. Zero B. Negative C. Where the marginal social benefit the marginal social cost D. total social costs are minimized
9	Demand for a normal product may shift outwards if.	A. Price decreases B. The price fo a substitute falls C. the price of a complement rises D. Income falls
10	If marginal utility is zero.	A. Total utility is zero B. An additional unit of consumption will decrease total utility C. An additional unit of consumption will increase total utility D. Total utility is maximized
11	Human wants are	A. Always fixed B. Limited C. Unlimited D. Likely to decrease over time
12	Macro economics deals with	A. Only the decisions made by individuals and their results. B. Only the decisions made by businesses and their results. C. Mostly large scale decisions made by countries and governments, and

A. Firm are assumed to act
independently B. Firms are assumed to cooperate with each other C. Firm collude as part of a cartel D. Firms consider the actions of others before deciding what to do.
A. The government bans a product B. The government takes control of an industry C. the government taxes a product to a raise the price. D. The government taxes a product to a raise its price.
A. Hands over all rights to its products B. Sells its products abroad C. Sells the right to produce to another business D. Sells the business to another business
A. What is produce B. Who to produce for C. How to produce D. How to maximize economic growth
A. Allen B. Hicks C. Edge worth D. Robbins
A. Signal B. Incentive C. Rationing device D. Indicator of income
A. Price equals marginal revenue B. Price is greater than marginal revenus C. Price equal total revenue D. Price equals total cost
A. Charging different prices on the basis of race B. Charging different prices for goods with different costs of production C. Charging different prices based on cost of service differences. D. Selling a certain product of given quality and cost per unit at different prices to different buyers

their results.