

PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	According to Keynes, the level of employment is determined by	A. Interest rates B. The level of prices C. The level of aggregate supply in the economy D. The level of aggregate demand for goods and services.
2	In the long run in perfect competition	A. the price equals the total revenue B. Firm are allocatively inefficient C. Firms are productively efficient D. the price equals total cost
3	If the economy grows the government's budget position will automatically	A. Worsen B. Improve C. Stay the same D. Increase with inflation
4	Which of the following would increase aggregate demand.	A. Increasing saving B. Increasing import spending C. Increasing taxation revenue D. increased investment
5	Who advocates laissez faire.	A. Monetarists B. Classical C. Neo classical D. Modern
6	In marketing "USP" Stand for	A. Unique selling proposition B. Underlying sales pitch C. Unit sales point D. Under sales procedure
7	Supply side policies are most appropriate to cure.	A. Involuntary unemployment B. Cyclical unemployment C. Voluntary unemployment D. A fall in aggregate demand
8	All currencies other than the domestic currency of a given country are referred to as.	A. Reserve currencies B. Neal monies C. Foreign exchange D. Hard currency
9	In monopoly which of the following is true.	A. There are many buyers and sellers B. There is one main buyers C. There is one main seller D. The actions of one firm do not affect the market price and quantity.
10	What is the effect of imposing a fixed per unit tax on a good on its equilibrium price and quantity.	A. Price falls, quantity rises B. Price rises, quantity falls C. Both price and quantity fall D. Both price and quantity rise
11	Profit making is basic motive in.	A. Socialism B. Mixed economy C. Communism D. ^{Capitalism}
12	An increase in the marginal propensity to consume will	A. Increase the size of the multiplier B. Increase the marginal propensity to save C. Decrease national income D. Reduce injections into the economy
13	If demand increase in a market this will usually lead to.	A. A higher equilibrium price and output B. a lower equilibrium price and higher output C. A lower equilibrium price and output. D. A higher equilibrium price and lower output

14	Unfair competition does not include	A. Price cutting B. predatory pricing C. Cartels D. Price fixing
15	Occupational immobility of labour occurs if.	A. People lack information B. People do not want to work C. People do not have the right skills to work D. People cannot afford to move location
16	Less Developed countries tend to have	A. A high average age B. A slow population growth rate C. High life expectancy D. A low literacy rate
17	In a market system sellers act in ___ interest, but this leads to behaviors in ___ interest.	A. Self : self B. Self ; society's C. Society's ; society's D. society's, self
18	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 for labour
19	A fall in interest rates is likely to	A. Increase aggregate demand B. Increase savings C. Decrease consumption D. Decrease exports
20	Improved training of employees would.	A. Shift aggregate supply to the right B. Shift aggregate supply to the left C. Shift aggregate demand to the right D. Shift aggregate demand to the left