PPSC Economics Chapter 1 Basic Economics

Sr	Questions	Answers Choice
1	If there is a price floor there will be.	A. Shortages B. Surpluses C. Equilibrium D. All of these
2	In monopolistic competition if firms are making abnormal profit other firms will enter and	A. The marginal cost will shift outwards B. the demand curve will shift inwards C. The average cost will shift downwards D. The average variable cost will increase
3	Effective branding will tend to make	A. Demand mover price inelastic B. Supply more price inelastic C. Demand more income elastic D. Supply more income elastic
4	Which of the following is not one of the four Ps in marketing.	A. Product B. Price C. Place D. Presence
5	In monopolistic competition firms profit maximize where	A. Marginal revenue = average revenue B. Marginal revenue= Marginal cost C. Marginal revenue= Average cost D. Marginal revenue = Total cost
6	In monopolistic competition	A. Demand is perfectly elastic B. Products are homogeneous C. Marginal revenue = pirce D. The marginal revenue is below the demand curve and diverges
7	In cartels.	A. Firms complete against each other B. Price wars are common C. Firms use price to win market share from competitors D. Firms collude
8	A model of game theory of oligopoly is known as the	A. Prisoner's dilemma B. Monopoly cell C. Jailhouse sentence D. Jury box
9	Firm in oligopoly are likely to.	A. Invest heavily in branding B. Act independently of other firms C. Try to differentiate its products D. Try to be a price maker
10	Game theory	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.
11	If a few firms dominate an industry the market is known as.	A. Monopolistic competition B. Competitively monopolistic C. Duopoly D. Oligopoly
12	A welfare less occurs in monopoly where	A. The price in greater than the marginal cost B. The price is greater than the marginal benefit C. The price is greater than the average revenue D. Has the right to investigate monopolies and will assess each one on its own mertis
		A. Monopolies are inefficient

13	According to schumpater	B. Monopoly profits act as an incentive for innovation C. Monopolies are allocatively efficient D. Monopolies are productively efficient
14	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.
15	The agricultural price support program is an example of.	A. A price celling B. A price floor C. Equilibrium pricing D. None of these
16	Barriers to entry do not include	A. Patents B. Internal economics of scale C. Mobility of resources D. High investment costs
17	In monopoly in long run equilibrium.	A. The firm is productively effieient B. The firm is allocatively inefficient C. The firm produces where marginal cost is less than marginal revenue D. The firm produces at the sociality optimal level
18	In monopoly when abnormal profits are made.	A. The prize set is greater than the marginal cost B. The price is less than the average cost C. The average revenue equals the marginal cost D. Revenue wquals total cost
19	The marginal revenue curve in monopoly	A. Equals the demand curve B. Is a parallel with the demand curve C. Lies below and converges with the demand curve D. Lies below and diverges from the demeaned curve
20	For perfectly competitive firm	A. Price equals marginal revenue B. Price is greater than marginal revenus C. Price equal total revenue D. Price equals total cost