

## PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	In cartels.	A. Firms compete against each other B. Price wars are common C. Firms use price to win market share from competitors D. Firms collude
2	A multinational business	A. Sells products abroad B. Produces in more than one country C. Imports from abroad D. Sells only domestically
3	The public sector includes.	A. Investors owning companies B. Government ownership of assets C. Market forces of supply and demand D. All trade via barter
4	A higher GDP per capita may not mean that the quality of life has really improved because.	A. It measures wealth not income B. It measures Gross Domestic product C. It does not measure the quality of the items produced D. it is only measured every five years
5	Earning from primary products are often unstable because.	A. Demand is price elastic B. Supply is price elastic C. Supply conditions are relatively stable D. Supply conditions are unstable
6	The marginal rate of tax paid is.	A. The total tax paid /total income B. Total income/total tax paid C. Change in the tax paid/change in income D. Change in income/change in tax paid
7	Which of the following would decrease aggregate demand.	A. Increased consumption B. Increasing export revenue C. Increased taxation revenue D. Increased investment
8	Price equal to.	A. Total revenue -quantity B. Total revenue/quantity sold C. total quantity sold * quantity sold D. Total revenue/total cost
9	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
10	To adjust from gross National Product to Net National Product	A. Deduct depreciation B. Deduct indirect taxes C. Deduct subsidies D. Add inflation
11	Which does the government not control directly.	A. Spending on health B. spending on defense C. Firm's investment decisions D. spending on education
12	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
13	A reduction in the money supply is likely to	A. Reduce interest rates B. Increase the interest rate C. Increase inflation D. Decrease deflation

14	A public good will	<p>A. Be underprovided in the free market</p> <p>B. Be overprovided in the free market</p> <p>C. Not be provided in the free market</p> <p>D. Has no opportunity cost</p>
15	A mixed economy	<p>A. Has supply but not demand</p> <p>B. Has demand but not supply</p> <p>C. Has supply and demand</p> <p>D. Has market forces and government intervention</p>
16	Demand for primary products is likely to be	<p>A. Very sensitive to price</p> <p>B. Price elastic</p> <p>C. Unit elastic</p> <p>D. Income inelastic</p>
17	Human wants are	<p>A. Always fixed</p> <p>B. Limited</p> <p>C. Unlimited</p> <p>D. Likely to decrease over time</p>
18	Increased levels of spending on imports	<p>A. shift aggregate supply to the right</p> <p>B. Shift aggregate supply to the left</p> <p>C. Shift aggregate demand to the right</p> <p>D. Shift aggregate demand to the left</p>
19	For perfectly competitive firm	<p>A. Price equals marginal revenue</p> <p>B. Price is greater than marginal revenue</p> <p>C. Price equal total revenue</p> <p>D. Price equals total cost</p>
20	In a less developed country.	<p>A. The infrastructure is likely to be good.</p> <p>B. Real wages are likely to be high</p> <p>C. Unemployment is likely to be low</p> <p>D. The primary sector is likely to be significant</p>