

PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	The goal of a pure market economy is to best meet the desires of.	A. Consumers B. Companies C. Workers D. The government
2	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
3	Supply side policies are most appropriate to cure.	A. Involuntary unemployment B. Cyclical unemployment C. Voluntary unemployment D. A fall in aggregate demand
4	An outward shift in the marginal efficacy of capital should.	A. Decrease consumption B. Increase aggregate demand C. Reduce aggregate supply D. Slow economic growth
5	Why might a country resist globalization.	A. Greater choice of final products B. Greater choice of supplies C. Greater competition for domestic firms D. More markets to sell to
6	If a few firms dominate an industry the market is known as.	A. Monopolistic competition B. Competitively monopolistic C. Duopoly D. Oligopoly
7	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
8	In monopoly in long run equilibrium.	A. The firm is productively efficient 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
9	Over time the price of primary products tends to fall because.	A. Demand is income elastic B. Supply is income elastic C. Of outward shifts in supply D. Demand is price elastic
10	Nationalization occurs when	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.
11	Demand for primary products is likely to be	A. Very sensitive to price B. Price elastic C. Unit elastic D. Income inelastic
12	Resources in an economy	A. Are always fixed B. Can never decrease C. Always increase over time D. Are limited at any moment in time
13	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

14	A recurring theme in economics is.	A. People have unlimited wants in the face of limited resources B. There are unlimited resources C. Our country is rich, we just don't realize it D. People have limited wants in the face of limited resource.
15	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
16	In land intensive method which mean production is used comparativelymore	A. Labour B. Land C. Capital D. Organization
17	When an economy first begins to frow more slowly.	A. GDP increase B. Inflation is likely to increase C. Stock levels are likely to increse D. Investment in equipment is likely to increase
18	Which of the following is not a macro economic issue.	A. Unempolyment B. Inflaction C. The wages paid to footballers D. Economic growth
19	Ordinal measurement approach was not presented by	A. Allen B. Hicks C. Edge worth D. Robbins
20	If the marginal revenue is positive	A. Selling another unit will increase total revenue B. Selling another unit will increase profits C. Selling another unit will increase cost D. Selling another unit will increase average revenue