

PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	Which does the government not control directly.	A. Spending on health B. spending on defense C. Firm's investment decisions D. spending on education
2	If there is a price ceiling which of the following is NOT likely to occur.	A. Rationing by first come first served B. Black markets C. Gray markets D. Sellers providing goods for free that were formerly not free
3	If demand is price inelastic.	A. An increase in price must raise profits B. An increase in price decreases revenue C. An increase in price increase revenue D. A decrease in price reduces sales.
4	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
5	Demand pull inflation may be caused by	A. An increase in costs B. A reduction in interest rate C. A reduction in government spending D. An outward shift in aggregate supply
6	The fundamental economic problem faced by all societies is.	A. Unemployment B. Inequality C. Poverty D. Scarcity
7	World trade has been increasing due to.	A. Increased tariffs B. Increased legal barriers C. Increased embargoes D. Reduced protectionism
8	Which of the following is a characteristic of pure monopoly.	A. one seller of the product B. Low barriers to entry C. Close substitute products D. Perfect information
9	In a recession, GDP.	A. Grows negatively B. Grows by 0% C. Grows slowly D. Grows rapidly
10	The Philips curve shows the relationship between inflation and what?	A. The balance of trade B. The rate of growth in an economy C. The rate of price increases D. Un employment
11	Economics given can be shown by	A. An inward shift of the production possibility frontier B. A movement down the production possibility frontier C. An outward shift of the production possibility frontier D. A movement up the production possibility frontier
12	If the price was fixed below the equilibrium price there would be.	A. Excess supply B. Excess demand C. Equilibrium D. Down ward pressure on prices
13	The demand for a product would be more inelastic.	A. The greater is the time under consideration B. The greater is the number of substitutes available to buyers

		<p>C. The less expensive is the product in relation to incomes</p> <p>D. all of the above.</p>
14	The bowed shape of the production possibilities curve illustrates.	<p>A. The law of increasing marginal cost</p> <p>B. the production is inefficient</p> <p>C. That production is unattainable</p> <p>D. The demand is relatively inelastic</p>
15	Firms in oligopoly are likely to.	<p>A. Invest heavily in branding</p> <p>B. Act independently of other firms</p> <p>C. Try to differentiate its products</p> <p>D. Try to be a price maker</p>
16	The law of diminishing returns assumes.	<p>A. There are not fixed factors of production</p> <p>B. There are no variable factors of production</p> <p>C. Utility is maximized when marginal product falls.</p> <p>D. Some factors of production are fixed</p>
17	Which of the following is a determinant of consumption.	<p>A. Expectations about future prices</p> <p>B. Level of indebtedness of consumers</p> <p>C. The price level</p> <p>D. All of the above</p>
18	The public sector includes.	<p>A. Investors owning companies</p> <p>B. Government ownership of assets</p> <p>C. Market forces of supply and demand</p> <p>D. All trade via barter</p>
19	Who advocates laissez faire.	<p>A. Monetarists</p> <p>B. Classical</p> <p>C. Neo classical</p> <p>D. Modern</p>
20	A welfare loss occurs in monopoly where	<p>A. The price is greater than the marginal cost</p> <p>B. The price is greater than the marginal benefit</p> <p>C. The price is greater than the average revenue</p> <p>D. Has the right to investigate monopolies and will assess each one on its own merits</p>