PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	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
2	Firms in perfect competition face a	A. Perfectly elastic demand curve B. Perfectly inelastic demand curve C. Perfectly elastic supply curve D. Perfectly inelastic supply curve
3	Ordinal measurement approach was not presented by	A. Allen B. Hicks C. Edge worth D. Robbins
4	If there is a price celling there will be	A. Shortages B. Surpluses C. Equilibrium D. None of these
5	In perfect price discrimination	A. Consumer surplus is maximized B. Produce surplus is zero C. Community surplus is maximized D. Consumer surplus is zero
6	The diamond water paradox can be explained by suggesting that the price of a product is determined by.	A. Consumer incomes B. Its marginal utility C. Consumer surplus D. Diminishing marginal utility
7	Investment depend mainly on.	A. Past levels of income B. Future expected profits C. Present national income levels D. Historic data
8	In a recession, GDP.	A. Grows negatively B. Grows by 0% C. Grows slowly D. Grows rapidly
9	In a free market the combination of products produced will be determined by.	A. Market forces of supply and demand B. The government C. The law D. The public sector
10	If there is a price celling 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
11	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
12	An increase in costs will	A. Shift aggregate demand B. Shift aggregate supply C. Reduce the natural rate of unemployment D. Increases the productivity of employees
13	Price equal to.	A. Total revenue -quantity B. Total revenue/quantity sold C. total quantity sold * quantity sold D. Total revenue/total cost
14	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
15	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.
16	An increase in demand for a product should.	A. Increase equilibrium price and quantity. B. Decrease equilibrium price and quantity. C. Increase equilibrium price and decrease quantity. D. Decrease equilibrium price and increase quantity.
17	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
18	If inflationary expectations increase, the short run Phillip's curve will	A. Become vertical B. Become up warding sloping C. Shift to the right D. Shift to the left
19	Which of the following is the government most likely to subsidies.	A. Negative externalities B. Positive externalities C. Monopolies D. O ligopojies
20	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.