PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	To reduce cyclical unemployment the government might.	A. Increase the budget surplus B. Increase the balance of payments deficit C. Reduce interest rates D. Reduce government expenditure
2	Improved training of employees would.	A. Shift aggregate supply to the right B. Shift aggregate supply to the left C. Shift aggregate demand to the right D. Shift aggregate demand to the left
3	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
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	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
6	A profit maximizing firm in perfect competition produces where	A. Total revenue is maximized B. Marginal revenue equals zero C. Marginal revenue equals marginal cost D. Marginal revenue equals average cost
7	Which of the following is not a macro economic issue.	A. Unempolyment B. Inflaction C. The wages paid to footballers D. Economic growth
8	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
9	Developing economics usually have	A. Low GDP per captia B. Low CPI C. Large balance of payments surpluses D. Large budget surpluses
10	In the short term a firm will produce provided the revenue	A. Covers fixed costs B. Covers variable costs C. Covers total costs D. Covers revenue
11	A reduction in the money supply is likely to	A. Reduce interest rates B. Increase the interest rate C. Increase inflation D. Decrease deflation
12	Which of the following would increase aggregate demand.	A. Increasing saving B. Increasing import spending C. Increasing taxation revenue D. increased investment

13	If the price in a market is fixed by the government above equilibrium.	A. There is excess equilibrium B. There is excess supply C. There is excess demand D. There is equilibrium
14	If firms join together to set prices and quantities this is known as what.	A. Interaction B. Conglomerate C. Collusion D. Integration
15	The concept of "Interdependence of markets" can refer to the interdependence between.	A. Two or more factor markets B. Goods and factor markets C. Goods markets D. All of the above
16	Which of the following rights be a scarce good.	A. Love B. faith C. Self control D. All of above
17	Aggregate demand refers to the total demand for all domestically produced goods and services in an economy generated from.	A. The household and government sectors B. The household sector C. All sectors except the rest of the world D. All sectors including the rest of the world.
18	An increase in price all other things unchanged leads to.	A. A shift in supply out wards B. A shift in supply in wards C. A contraction of supply D. An extension of supply
19	Investment is an out stable element of aggregate demand because is depends heavily on.	A. Government policy B. Expectations C. National income D. Historic trends
20	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