

PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	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
2	Globalization is made more difficult by	A. The actions of the World Trade Organization B. The removal of protectionist measures C. Exchange rate instability D. More free trade agreements
3	When supply increases in an agricultural market farmer's earnings might fall because.	A. Supply is price elastic B. Demand is price inelastic C. the government buys up all the excess production D. All output must be sold at a maximum price
4	In monopoly which of the following is true.	A. There are many buyers and sellers B. There is one main buyers C. There is one main seller D. The actions of one firm do not affect the market price and quantity.
5	Which kind economics deals with issues such as unemployment inflation, and economic growth.	A. Macro economics B. Micro economics C. Growth economics D. Political economics
6	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
7	In a Boom	A. Surpluses are likely to occur B. Prices are likely to fall C. supply will increase immediately to match demand D. Shortages may occur
8	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
9	The economists who emphasized wage flexibility as a solution for unemployment were.	A. Monetarists B. New Keynesians C. Classical economists D. Keynesians
10	A mixed economy	A. Has supply but not demand B. Has demand but not supply C. Has supply and demand D. Has market forces and government intervention
11	Ordinal measurement approach was not presented by	A. Allen B. Hicks C. Edge worth D. Robbins
12	A profit maximizing firm will employ labour up to the point where.	A. Marginal revenue = Marginal product B. Marginal cost = Marginal product C. Marginal revenue product = Average cost of labour D. Marginal revenue product = Marginal cost of labour

13	In marketing "USP " Stand for	<p>A. Unique selling proposition</p> <p>B. Underlying sales pitch</p> <p>C. Unit sales point</p> <p>D. Under sales procedure</p>
14	The profit per scale is a measure of.	<p>A. Profit</p> <p>B. Profitability</p> <p>C. Feasibility</p> <p>D. Realism</p>
15	Free trade is based on the principle of	<p>A. Comparative advantage</p> <p>B. Comparative scale</p> <p>C. Economics of advantage</p> <p>D. Production possibility advantage</p>
16	For equilibrium in an open four sector economy	<p>A. Actual injections = actual withdrawals</p> <p>B. Planned injections = Planned withdrawals</p> <p>C. Savings = investment</p> <p>D. Government spending = tax revenue</p>
17	The agricultural price support program is an example of.	<p>A. A price ceiling</p> <p>B. A price floor</p> <p>C. Equilibrium pricing</p> <p>D. None of these</p>
18	A cut in the tax rate designed to reduce the business investment is an example of.	<p>A. Expansionary demand side policy</p> <p>B. Contractionary demand side policy</p> <p>C. Expansionary supply side policy</p> <p>D. Contractionary supply side policy</p>
19	To be allocatively efficient ta firm must produce where	<p>A. the total cost equals demand</p> <p>B. the average revenue equals the marginal revenue</p> <p>C. The price equals the average cost</p> <p>D. The price equals the marginal cost</p>
20	Japan's low interest rates in the mid 80's were due to.	<p>A. High rates of domestic savings.</p> <p>B. A decrease in Japan's exports</p> <p>C. Increases in the U.S. deficit</p> <p>D. High rates of domestic spending in Japan</p>