

PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	According to schumpater	<p>A. Monopolies are inefficient</p> <p>B. Monopoly profits act as an incentive for innovation</p> <p>C. Monopolies are allocatively efficient</p> <p>D. Monopolies are productively efficient</p>
2	A cut in the income tax rate designed to encourage household consumption 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>
3	Which of the following can the government not use directly to control the economy.	<p>A. Pay rates within the privates sector</p> <p>B. Pay rates in the public sector</p> <p>C. Investment in education</p> <p>D. Benefits available for the un employed and sick</p>
4	Unfair competition does not include	<p>A. Price cutting</p> <p>B. predatory pricing</p> <p>C. Cartels</p> <p>D. Price fixing</p>
5	To anticipate what the economy is going to do next the government will look at.	<p>A. Lagging indicators</p> <p>B. Flashing indicators</p> <p>C. Coincidental iindicators</p> <p>D. Leading indicators</p>
6	Laboratory experiments cannot be performed in economics because.	<p>A. Of resource scarcity</p> <p>B. Economics is a natural science</p> <p>C. Of the difficulty of distinguishing between normative and positive statements.</p> <p>D. Economics is a social science</p>
7	If there is a price celling which of the following is NOT likely to occur.	<p>A. Rationing by first come first served</p> <p>B. Black markets</p> <p>C. Gray markets</p> <p>D. Sellers providing goods for free that were formerly not free</p>
8	Which kind economics deals with issues such as unemployment inflation, and economic growth.	<p>A. Macro economics</p> <p>B. Micro economics</p> <p>C. Growth economics</p> <p>D. Political economics</p>
9	A recurring theme in economics is.	<p>A. People have unlimited wants in the face of limited resources</p> <p>B. There are unlimited resources</p> <p>C. Our country is rich, we just don't realize it</p> <p>D. People have limited wants in the face of limited resource.</p>
10	Which of the following is necessary for a natural monopoly.	<p>A. Economies of scale</p> <p>B. A high proportion of the total cost is the cost of capital goods</p> <p>C. The market is very small</p> <p>D. All of the above</p>
11	Which of the following is not a way of helping developing economics.	<p>A. Aid</p> <p>B. Loans</p> <p>C. Protectionism of developed markets</p> <p>D. Training and education programmes</p>
12	If demand increase in a market this will usually lead to.	<p>A. A higher equilibrium price and output</p> <p>B. a lower equilibrium price and higher output</p> <p>C. A lower equilibrium price and output.</p>

		D. A higher equilibrium price and lower output
13	Which of the following is a normative statement in economics.	<p>A. More spending by the government reduces poverty</p> <p>B. Higher taxes lead to less desire to work</p> <p>C. the UK Economy is growing fast relative to other European Union members</p> <p>D. The Government should concentrate on reducing unemployment</p>
14	A depreciation of currency occur when	<p>A. The value of the currency falls</p> <p>B. The value of the currency increases</p> <p>C. Inflation falls</p> <p>D. The balance of payments improves</p>
15	Rapid increases in the price level during periods of recession or high unemployment are known as.	<p>A. Slump</p> <p>B. Stagnation</p> <p>C. Stagflation</p> <p>D. Inflation</p>
16	An outward shift in the marginal efficacy of capital should.	<p>A. Decrease consumption</p> <p>B. Increase aggregate demand</p> <p>C. Reduce aggregate supply</p> <p>D. Slow economic growth</p>
17	Which of the following is a possible government objective as opposed to a policy.	<p>A. Lower interest rates</p> <p>B. Lower taxation rates</p> <p>C. Lower government spending</p> <p>D. Lower inflection</p>
18	The fundamental economic problem faced by all societies is.	<p>A. Unemployment</p> <p>B. Inequality</p> <p>C. Poverty</p> <p>D. Scarcity</p>
19	In a market system sellers act in ___ interest, but this leads to behaviors in ___ interest.	<p>A. Self : self</p> <p>B. Self ; society's</p> <p>C. Society's ; society's</p> <p>D. society's, self</p>
20	In cartels.	<p>A. Firms compete against each other</p> <p>B. Price wars are common</p> <p>C. Firms use price to win market share from competitors</p> <p>D. Firms collude</p>