

PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	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
2	If marginal revenue equals marginal cost	A. No profit is being made B. total revenue equals total cost C. Profits are maximized D. Producing another unit would increase profits
3	Increase un employment benefits and less incentive to work 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
4	Economic theory assumes that people	 A. Act in greedy and selfish ways, without regard for the welfare of others. B. Act without regard for their own interests. C. Are not motivated by self interest D. Are motivated by self interest but still might be concerned for the welfare of others.
5	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
6	What does the phrases "there is no such thing as a free lunch'mean"	A. Individuals must always pay money for the food the eat. B. No restaurant wner will provide food to patrons unless they pay her C. Restaurant owners act selfishly D. Consumption of any good requires that other goods be given up
7	Economics growth can be seen by an outward shift of.	A. The production possibility frontier B. The gross domestic barrier C. The marginal consumption frontier D. The Minimum Efficient scale
8	Developing economics usually have	A. Low GDP per captia B. Low CPI C. Large balance of payments surpluses D. Large budget surpluses
9	If the marginal revenue is positive	A. Selling another unit will increase total revenue B. Selling another unit will increase profits C. Selling another unit will increase cost D. Selling another unit will increase average revenue
10	A scarce good.	A. Does not exist B. Is a good that can only be purchased with money C. Is a good that can never be purchased with money D. Is a good that is available in limited quantities, but is desired in greater quantities.
		A. Average revenue equals average variable cost B. Marginal revenue equals marginal

11	Normal profit occurs when	cost C. Average revenue equals marginal cost D. Average revenue equals average cost
12	Which of the following would decrease aggregate demand.	A. Increased consumption B. Increasing export revenue C. Increased taxation revenue D. Increased investment
13	Menu costs in relation to inflation refer to	A. Costs of finding better rates of return B. Costs of altering price lists C. Costs of money increasing its value D. Costs of revaluing the currency
14	Which of the following would increase aggregate demand.	A. Increasing saving B. Increasing import spending C. Increasing taxation revenue D. increased investment
15	In land intensive method which mean production is used comparativelymore	A. Labour B. Land C. Capital D. Organization
16	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
17	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.
18	Which of the following is a possible government objective as opposed to a policy.	A. Lower interest rates B. Lower taxation rates C. Lower government spending D. Lower inflection
19	Profit making is basic motive in.	A. Socialism B. Mixed economy C. Communism D. ^{Capitalism}
20	There are three fundamental questions every society must answer Which of the following is one of these questions.	A. What goods and services are to be produced. B. How are the good and services to be produced. C. Who will get the goods and services what are produced. D. All of the above