

## PPSC Economics Topic 1 Basic Economics

Sr	Questions	Answers Choice
1	Effective branding will tend to make	<p>A. Demand more price inelastic</p> <p>B. Supply more price inelastic</p> <p>C. Demand more income elastic</p> <p>D. Supply more income elastic</p>
2	A reduction in the costs of production will	<p>A. Lead to a movement along the supply curve</p> <p>B. Shift the demand curve</p> <p>C. Shift the supply curve</p> <p>D. Lead to an extension of supply</p>
3	An increase in price all other things unchanged leads to.	<p>A. A shift in supply out wards</p> <p>B. A shift in supply in wards</p> <p>C. A contraction of supply</p> <p>D. An extension of supply</p>
4	If input price adjusted very slowly to output prices, the Phillip's curve would be.	<p>A. Downward sloping</p> <p>B. Vertical or nearly vertical</p> <p>C. Upward sloping</p> <p>D. Horizontal or nearly horizontal</p>
5	Economics is the study of.	<p>A. All business, including how they operate why the exist and how they affect</p> <p>B. Decisions that people must make because goods and services are limited.</p> <p>C. How to save money, spend money invest savings, and balance a checkbook</p> <p>D. The stock market the bond market and investment strategies</p> <p>E. Big business and its impact on our live</p>
6	Injection are	<p>A. Assumed to be exogenous</p> <p>B. Assumed to be a function of national income</p> <p>C. Decrease aggregate demand</p> <p>D. Decrease the investment into an economy</p>
7	A public good will	<p>A. Be underprovided in the free market</p> <p>B. Be overprovided in the free market</p> <p>C. Not be provided in the free market</p> <p>D. Has no opportunity cost</p>
8	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>
9	As the MPS increases, the multiplier will	<p>A. Increase</p> <p>B. Either increase or decrease depending on the size of the change in investment</p> <p>C. Remain constant</p> <p>D. Decrease</p>
10	The bowed shape of the production possibilities curve illustres.	<p>A. The law of increasing marginal cost</p> <p>B. The production is inefficient</p> <p>C. That production is inattainable</p> <p>D. The demand is relatively inelastic</p>
11	Economists use the term utility to mean	<p>A. The value of a product before it has been advertised</p> <p>B. The satisfaction a consumer obtains from a good or service</p> <p>C. any characteristic of a good or service which cannot be measured</p> <p>D. The contribution a good or service makes to social welfare</p>

12	In land intensive method which mean production is used comparatively more	<p>A. Labour</p> <p><b>B. Land</b></p> <p>C. Capital</p> <p>D. Organization</p>
13	Why does it make sense to assume that people are rational, if you want to predict their behavior.	<p>A. People are not guided by emotions when making decisions</p> <p><b>B. People who act in the way that best gets them what they want will tend to repeat that behavior, and will tend to learn from mistakes that they do make</b></p> <p>C. People never make mistakes, and tend to make the correct choices all of the time</p> <p>D. People always logically figure out what to do.</p>
14	The Philips curve shows the relationship between inflation and what?	<p>A. The balance of trade</p> <p>B. The rate of growth in an economy</p> <p>C. The rate of price increases</p> <p><b>D. Un employment</b></p>
15	An increase in the marginal propensity to consume will	<p><b>A. Increase the size of the multiplier</b></p> <p>B. Increase the marginal propensity to save</p> <p>C. Decrease national income</p> <p>D. Reduce injections into the economy</p>
16	What lies at the heart of the allocation of goods and services in a free market economy.	<p>A. Concerns of equity or equal distribution among individuals.</p> <p>B. The order or command of the ruling government or dictator</p> <p>C. The wishes of consumers in the market</p> <p><b>D. The price mechanism</b></p>
17	Can economic theories be tested.	<p>A. No since individuals will seldom respond in predictable ways</p> <p>B. Yes, since all individuals respond in the same ways to the same situation.</p> <p>C. No, since the general behavior of a large number of individuals cannot be predicted</p> <p><b>D. Yes, since people will, on average, respond in predictable ways to changes in costs and benefits.</b></p>
18	An increase in aggregate demand is more likely to lead to demand pull inflation if.	<p>A. Aggregate supply is perfectly elastic</p> <p><b>B. Aggregate supply is perfectly inelastic</b></p> <p>C. Aggregate supply is unit elastic</p> <p>D. Aggregate supply is relatively elastic</p>
19	Barriers to entry do not include	<p>A. Patents</p> <p>B. Internal economies of scale</p> <p><b>C. Mobility of resources</b></p> <p>D. High investment costs</p>
20	Compared to the case of perfect competition, a monopolist is more likely to	<p>A. Charge a higher price</p> <p>B. Produce a lower quantity of the product</p> <p>C. Make a greater amount of economic profit</p> <p><b>D. All of the above</b></p>