

## PPSC Economics Chapter 2 Micro Economics

Sr	Questions	Answers Choice
1	As the opportunity cost of a good falls, ceteris paribus the substitution effect implies that people buy	A. Less of the good and more of its substitutes B. More of that good and less of its substitutes C. Less of that good and less of its substitutes D. More of that good and more of its substitutes
2	Which of the following explains why demand curves slope downward.	A. Prices and income     B. substitutes and complements     C. Resources and technology     D. Substitution effect and income effect
3	The "Law of demand" most directly means that consumers buy	A. More of a good the higher their incomes, ceteris paribus. B. Less of good the higher its price ceteris paribus C. Buy more of a good the less is its supply ceteris paribus D. Buy less of a good the greater is its supply ceteris paribus
4	The "Law of demand" states that other things remaining the same the quantity demanded of any good is.	A. Directly related to its price     B. Positively related to its price     C. Inversely related to its price     D. Directly elated to the supply of the good