

## PPSC Economics Topic 3 Macro Economics

Sr	Questions	Answers Choice
1	Which of the following actions is an example of expansionary fiscal policy.	A. A decrees in welfare payments B. A purchase of government scantiest in the open market C. A decrease in the Bank rate D. A decrease in the corporate profits tax rates
2	Assuming that money is neutral an increase in the nominal money supply would causes.	A. An excess supply for goods     B. an increase in the real money supply     C. A fall in the price level     D. A rise in nominal wages
3	Most industrial construes generally considered as the most important economic goal	A. External balance B. Internal balance C. Maximum efficiency for business D. Maximum efficiency for labor
4	The equation for the LM curve is.	A. Y = 100 -50 i B. Y = 50 + 50 i C. Y = 50 - 80 i D. Y = 80 + 50 i
5	Which of the following is not included in gorses investment.	A. Business and residential constrcution.     B. Expenditures on consumer goods:     C. Additions to business inventory     D. Expenditures on machinery
6	Which of the following events would lead to an increase in the marginal product If labor for every equantity labor.	A. An increase in the real wage B. A decrease in the real wage C. A favorable supply shock such as a fall in the price of oil D. an adverse supply shock such as a reduced supply of raw materials.
7	Net National product equals.	A. Gross national product minus indirect business taxes B. Gross national product minus depreciation C. National income minus indirect business taxes D. National income pluses depreciation
8	A disadvantage of chain weighting is that	A. Past inflation rates change whenever the base year changes. B. Past growth rates of real GDP change whenever the base year changes. C. It causes output growth to slow D. The components of real GDP don't sum to real GDP
9	Fiscal policy output to change demand for output is.	A. Completely effective in region KLB. Partially effective in region JKC. Elasticity is infinite for region LTD. Completely ineffective in region LT
10	The value of real GDP in the current year equals.	A. The value of current year output in prices of the base year B. The value of current year output in pries of the current year C. The value of base year output in prices of the base year D. The value of base year output in prices of the current year
11	In the long run an increase in consumer spending would cause output to and the price level to	A. rise;rise B. rise; stay; constant C. stay constant; stay constant D. Stay constant; rise
		A. 387

12	What is the average money balance according to the square root rute it income is Rs.1500, each transaction cost is Rs.4, and the opportunity cost of holding money is.2%	B. 50 C. 175 D. 203
13	The idea that the natural rate of unemployment rises when the acual rate of unemployment rise is known s.	A. Stabilization     B. Insider outsider theory     C. Hysteresis     D. an efficiency wage model
14	The two main characteristics of the production function are.	A. It slopes downward from left to right and the slope become flatter as teh input increases B. It slopes upward from left to the right the slope becomes steeper as the input increase C. It slopes upward from left to right unput increases D. It slopes downward from left to right and the slope becomes steeper ath the input increase
15	If sales are forecasted using an adaptive expectations model where the coefficient of adjustment .2, the sales forecast for 1986 is.	A. Rs.260 B. Rs.244.4 C. Rs.3.6 D. Rs.283.6
16	When aggregate economic activity increasing the economy is said to be in.	A. An expansion B. A contraction C. A peak D. A turning point
17	Given a proportional income tax and a government budget that is currently in balance, an increase in autonomous investment, caters parabasal increases equilibrium income and the budget.	A. Romaic's in balnce B. Has a surplus C. Has a deficit D. None of these
18	In a private sector model	A. Household saving is a leakage from the circular flow B. Investment is a spending injection C. All of the above D. None of the above
19	The short run impact of unanticipated expansionary monetary policy is that.	A. Real output decrease B. Employment decreases C. Real interest rates decrease D. Profit margins decrease
20	According to Okun's law an increase in the unemployment rate will cause in the level of empolyment and in the level of output.	A. An increase; an increase B. An increase; a decrease C. A decrease; an increase D. a decrease; a decrease