

## PPSC Economics Chapter 3 Macro Economics

Sr	Questions	Answers Choice
1	"Economics is a science " the basis of this statement is.	A. Relation between causes and effect B. Use of deductive method and inductive method for the formations of laws C. experiments D. All of the above
2	"Human Welfare is the subject of Economics" Y. This statement is associated with the name of which of the economists.	A. Marshall B. Pigou C. Pension D. All of the above
3	Given the Is -LM construction of the figure above an unexpected increase in the price level, in the absence of any policy adjustment will.	A. Increase both interest rates and GNP B. Reduce both interest rates and GNP C. Increase GNP but cause interest rates to tall D. Increase interest but cause GNP to fall.
4	The major source of revenue for the government is.	A. the collection of property taxes B. The collection of the corporates income tax C. The collection of excise taxes on gasoline cigarettes and tires D. The collection of import and export duties in the conduct of foreign trade
5	"Economics is what economists do " It has been supported by.	A. Richard jones B. Comte C. Gunnar Myrdal D. All of the above
6	Economics is the science of Wealth who gave this definition.	A. J-x Mehta B. Marshall C. Adam Smith D. Robbins
7	Which of the following procedures is included in the process that produces a value for disposable personal income	A. subtracting excies and sales taxes B. Subtracting nonbusiness interest C. Subtracting transfer payment from government. D. subtracting income taxes
8	According to classical economists the economy.	A. Requires fine tuning to reach full employment B. Should not be left to market forces C. Will never be at full employment D. Is self correction
9	The practice of using fiscal and monetary policy to stabilize the economy is known as.	A. Fine turning of deamand B. Monetarism C. Laissez faire economics D. Supply side economics
10	A group of modern economists who believe that price and wage rigidities do not provide the only rationale for macroeconomic policy activism are called.	A. New Keynesians B. Keynesians C. Monetarists D. The Classical shool
11	Money must fulfill all of the following functions except.	A. Be a medium of exchange B. Be a store of value C. Be generally accepted as a means of purchasing commodities D. The above are all functions of money
12	Which of the following assets is most liquid.	A. Shares of stock in IBM B. Land C. Gold D. Currency
		A. Different national objectives are

13	All of the following are obstacles to international economic policy coordination except.	institutions B. Different national political climates C. Different phases in the business cycle D. Different national currencies.
14	The appropriate expenditure switching policy to correct a balance of payments deficit is.	A. Contractionary monetary policy B. expansionary fiscal policy C. Currency devaluation D. Currency revaluation
15	The appropriate expenditure switching policy to correct a balance of payment surplus is.	A. Currency revaluation B. Currency devaluation C. Expansionary monetary policy D. Contractionary fiscal policy
16	Given fixed change rate assume Pakistan initiates expansionary monetary and fiscal policies to combat recession these policies will also.	A. Increase both imports and exports B. Increase exports and reduce import C. Reduce a balance of payments surplus D. Reduce a balance of payment deficit
17	An expenditure reducing policy would consist of a decrease in	A. The par value of a currency B. Government expenditures C. Import duties D. Business or household taxes
18	An expenditure increasing policy would consist of an increase in	A. Import tariffs B. Import quotas C. Governmental taxes D. The money supply
19	Which policy is an expenditure switching policy.	A. Increase in the money supply B. Decrease in government expenditures C. Increase in business and household taxes D. Decrease in import tariffs
20	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