PPSC Economics Chapter 3 Macro Economics

Sr	Questions	Answers Choice
1	A nation experience external balance if it achieves.	A. No net changes in its international gold stocks B. Productivity levels equal to those of its trading partners C. An increases in its money supply equal to increases overseas D. Equilibrium in its balance of payments
2	A nation experiences internal balance if it acieves.	A. Full employment B. Price stability C. Full employment and price stability D. Unemployment and price instability
3	The costs of disinflation would be low if	A. Expected inflation falls as inflation falls B. Wages and price controls were used C. The Phillips curve were nearly horizontal D. The Phillips curve adjusted slowly to changes in inflation
4	The reduction of the inflation rate is called	A. Deflation B. Disinflation C. Inflation D. Reflation
5	Hyperinflation occurs when	A. The inflation rate rises B. The inflation Tate declines C. The inflation rate is extremely high D. The inflation rate is extremely low
6	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
7	When the economy goes into are cession there's an increase in.	A. Frictional unemployment B. structural unemployment C. Cyclical unemployment D. Voluntary unemployment
8	The fact that the long run Phillips curve is vertical implies that	A. Monetary policy can't effect unemployment B. Money is neutral in the long run C. There is a natural rate of inflation D. Money can't affect inflation in the long run
9	The long run Phillips curve is	A. Vertical B. Horizontal C. Upward sloping D. Downward sloping
10	A beneficial supply shock would cause.	A. A movement up the short run Phillips B. a movement down the short run Phillips curve C. The short run Phillips curve to shift upward and to the rights D. The short run Phillips curve to shift down ward and to the left
11	If the expected rate of inflation rose at the same time the natural rate of unemployment rose the Philips curve.	A. would shift down B. would shift up C. Would not move D. Might shift up or down or not move depending on which effect was larger.
12	If the expected inflation rate is unchanged a fall in the natural rate of unemployment would.	A. shift the Phillips curve to the right B. Not Shift the phillips curve C. Shift the Phillips curve to the left D. shift the Phillips curve to the left

		shift the long -run Philips curve to the right
13	An increase in the expected rate of inflation would.	A. shift the Philips curve upward B. shift the phillips curve downward C. Shift the long -run phillips curve to the right D. Shift the long-run phillips curve to the left
14	The philippic curve is the relation between inflation and unemployment that hold for a given natural rate of unemployment. and a	A. Given rate of inflation B. Given expected rate on inflation C. Given level of unemployment D. Given expected level of unemployment
15	"An Enquiry into the Nature and causes of wealth of Nations" is thebook of economist.	A. Adam smith B. Marshall C. Robbins D. None of above
16	If the federal reserve whishes to increase the money supply, it should	A. Raise the reserve requirement B. Raise the discount rate C. Buy Treasury securities in the open the market D. All of the above
17	Friedman and phelps suggested that there should not be a stable relationship between inflation and unemployment, but here should be a stable relationship between	A. Anticipated inflation and frictional unemployment B. Anticipated inflation and cyclical unemployment C. Unanticipated inflation and frictional unemployment. D. Unanticipated inflation and cyclical unemployment
18	The negative relation ship between unemployment and inflation is know as the	A. Aggregate supply curve B. Aggregate demand curve C. Philipps curve D. Efficiency wage line
19	The origin of the idea of a trae off between inflation and unemployment was a 1958 article by	A. A.W Philips B. Edmund phelps C. Milton Friedman D. Robert Gordon
20	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