

PPSC Economics Topic 3 Macro Economics

Sr	Questions	Answers Choice
1	When GNP is Rs.500 billion and consumption expenditures are Rs.300 billion.	A. the MPC is 6 B. The MPS is 4 C. The Multiplier is 2.5 D. None of the above
2	An increase in autonomous net exports	A. Shifts IS rightward by k, ox B. shifts IS left eard by k, AX C. Increase the slope of IS D. Decreases the slope of IS
3	An economic variable that moves in the opposite direction as aggregate economic activity up in is called.	A. Pro cyclical B. Countercyclical C. A cyclical D. A leading variable
4	In the long run an increase in government purchases of military equipment would cause output to and the aggregate price level to	A. Stay constant fall B. fall; fall C. fall; stay constant D. stay constant; rise
5	If personal income equals Rs.570 white personal income takes equal Rs.90 consumption is Rs.430. interest payments total Rs. 10 and personal saving is Rs. 40, disposable income equals.	A. Rs. 500 B. Rs.480 C. Rs. 470 D. Rs.400
6	While resources and products flow in one direction of the circular flow model what flow the other direction.	A. Services B. Public goods C. Money D. Imported goods
7	The dynamic aggregate demand schedule shifts rightward when there is an increase in.	A. The expected rate of inflation ceteris paribus B. The growth rate of the nominal money supply ceteris paribus C. The income tax rate ceteris paribus D. the current inflation rate celeries paribus
8	A nation experiences internal balance if it acieves.	A. Full employment B. Price stability C. Full employment and price stabilit D. Unemployment and price instabilit
9	"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
10	A firm's total labor cost when six workers are employed is Rs.580 When seven workers are employed the total labor cost is Rs.700 the Rs. 120 change in total labor cost represents.	A. Marginal physical product B. Marginal resources cost C. Marginal cost D. Marginal revenue
11	All of the following are obstacles to international economic policy coordination except.	A. Different national objectives are institutions B. Different national political climates C. Different phases in the business cycle D. Different national currencies.
12	A decrease in the effective tax rate on capital would cause the IS curve to.	A. Shift up and to the right B. shift down and to the left C. Remain unchanged D. Remain unchanged if taxes are fully deducible from income otherwise, shift up and to the right
13	"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
		A. The production function

A Rs.10 increase in autonomous investment spending shifts is. The risk free rate of interest would not be affected by. The impact of contractionary fiscal policy, according to new classical theory is that. When an increase in government spending is matched by an equal decrease in government transfers, the income level will.	C. The real quantity of government burchases D. The spending and saving decisions of consumers
The risk free rate of interest would not be affected by. The impact of contractionary fiscal policy, according to new classical theory is that. When an increase in government spending is matched by an equal decrease in government transfers, the income level will.	A. Rightward by Rs. 10 B. Leftwards by Rs. 10 C. Rightward by Ke (Rs.10) D. Leftward y Ke (Rs.10)
The impact of contractionary fiscal policy, according to new classical theory is that. When an increase in government spending is matched by an equal decrease in government transfers, the income level will.	A. Changes in real output B. Change in the money supply C. Term to maturity D. None of the above
When an increase in government spending is matched by an equal decrease in government transfers, the income level will. A Equilibrium occurs in a two sector model when	A. Real interest rates do not change 3. Aggregate demand increase 2. Current real output substantially decreases 5. The price level substantially increases.
Equilibrium occurs in a two sector model when	A. Stay the same B. Increase C. Decrease D. All of the above
	A. Saving equals investment. 3. Consumption plys investment equals the value of putput C. Planned saving equals planned nvestment. D. Aggregate spending equals the evenues of the business sector
A situation in which expansionary in monetary policy has no effect on the economy is known as.	A. Macro economic stabilization B. A liquidity trap C. A depression D. Capital flight