

PPSC Economics Topic 3 Macro Economics

| C- | Overtions | Anguaga Chaica |
|----|---|---|
| Sr | Questions | Answers Choice |
| 1 | Changes in subjective or objective factors. | A. Never affect the consumption function B. Always cause downward shifts of the consumption function C. Always cause upward shifts of the consumption function D. May cause upward or downward shifts of the consumption function |
| 2 | The substitution effect of a decrease in real interest rates is to cause a consumer to. | A. Increase future consumption and decrease current consumption B. Decrease future consumption and increase current consumption C. Increase current consumption and increase saving D. Decrease current consumption and increase saving. |
| 3 | To avoid double counting when the GNP is estimated, economists | A. Price all goods and services bought and sold in all markets B. Use the GNP deflator C. Price only intermediate goods D. Calculate value added at each stage of production. |
| 4 | When planned saving equals Rs.40+0.20 Yd and planned investment is rs. 60, the equilibrium level of income in. | A. Rs. 100 B. Rs. 400 C. Rs.500 D. Rs.1000 |
| 5 | 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 |
| 6 | 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 |
| 7 | Two independent variables are not independent of each other in a multiple regression problem The analyst most likely will be confronted with. | A. The problem of autocorrelation B. A type 1 error C. The problem of multicollinear rarity. D. a type II error |
| 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 | During inflation. | A. Lenders lose borrowers gain. B. Borrowers lose , lenders gain C. The real interest rate rises D. Borrowers and lenders both lose. |
| 10 | Expansionary monetary policy | A. Tends to lead to an appreciation of nation's currency B. Usually has no effect on a currency's exchange value C. Tends to lea dto a depreciation of the currencies of other nations D. Tends to lead to a depreciation of a nation's currency. |
| | | A. Shift the labor supply curve upward |

| 11 | A temporary adverse productivity shock would. | B. Decrease the level of employment C. Decrease future income D. Decrease the expected future marginal product of capital |
|----|---|--|
| 12 | The key difference between classical and Keynesian macro economist is their differing beliefs about. | A. The slope of the aggregate demand curve B. The speed at which prices adjust C. The natural rate of unemployment D. The full employment level of output |
| 13 | In the short run in the Keynesian model a sharp increase in oil prices would leave the economy with a level of output and a real interest rate. | A. Higher ; lower B. Lower ; Higher C. Higher ; higher |
| 14 | The risk free rate of interest would not be affected by. | A. Changes in real output B. Change in the money supply C. Term to maturity D. None of the above |
| 15 | Which of the following represents monetary policy geared to increases the supply of money. | A. The purchase of bonds by the Federal Reserve Bank B. The sale of bonds by the Central Bank C. An increase in reserve requirement D. A decrease in taxes |
| 16 | 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 |
| 17 | Utility means. | A. Power to satisfy a want B. Usefulness C. Willingness of a person D. Hamfulness |
| 18 | The aggregate supply of labor is the | A. Total amount of time a person works over his or her lifetime B. Total amount of time a person spend in the labor force over his or her life time C. Unemployment rate D. Sum of the labor supplied by everyone in the economy |
| 19 | Desired national saving would increase unambiguously if there were | A. An increase in current output and expected future output B. An increase in expected future output and government purchases C. An increase in expected future output and the expected real interest rate D. A fall in both government purchases and expected future output |
| 20 | 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 |