PPSC Economics Chapter 3 Macro Economics

Sr	Questions	Answers Choice
1	A technological improvement will	A. Increases the desired capital stock B. Decrease the desired capital stock C. Have no effect on the desired capital stock D. Have the same effect on the desired capital stock as an increase in corporate taxes.
2	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
3	The yield curve shows	A. The yields on stocks of different maturities B. The interest rates on bonds of different maturities. C. The yields on stocks with differing default risk D. The yields on bonds with differing default risk
4	When a person received an increase in wealth, what is likely to happen to consumption and saving.	A. Consumption increase and saving increases. B. Consumption increases and saving decreases C. Consumption decreases and saving increases D. Consumption decreases and saving decreases
5	The fraction of additional current income that a person consumes in the current period is known as the	A. Consumption smoothing motive B. Consumption deficit C. Saving rate D. marginal propensity to consume
6	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
7	In long run a reduction in labor supply would cause output to __ and the aggregate price level to.	A. fall ; rise B. fall ; fall C. rise ; fall D. rise ; rise
8	In the long run a reduction in labor supply would cause output to _____ and the aggregate price level to.	A. fall; rise B. fall ; fall C. rise ; fall D. rise; rise
9	In the long run, an increase in productivity would cause output to _____ and the aggregate price level to	A. fall ; rise B. fall ; fall C. rise ; fall D. rise ; rise
10	According to Keynesian macro economics price adjust _____ to shocks, so the government should.	A. Slowly ; do little B. Rapidly ; do little C. Rapidly ; fight recessions D. Slowly ; fight recessions
11	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
	In the long run a decrease in government purchases... output to _____ and the...	A. rise;rise B. ...

12	In the long run an increase in consumer spending would cause output to _____ and the price level to._____	B. rise; stay; constant C. stay constant ; stay constant D. Stay constant ; rise
13	In the short run an increase in export sales would cause output to _____ and the price level to.	A. Rise, rise B. Rise,; stay; constant C. Fall; rise D. fall; stay; constant
14	When plotted with the aggregate price level on the vertical axis and output on the horizontal axis, the long run aggregate supply curve.	A. slopes upward B. Sloped downward C. Is vertical D. Is horizontal
15	When plotted with the aggregate price level on the vertical axis and output on the horizontal axis which of the following curves is vertical.	A. SRAS B. AD C. LRAS D. None of the above
16	When plotted with the aggregate price level on the vertical axis and output on the horizontal axis, which of the following curves slopes downward.	A. SRAS B. AD C. LRAS D. None of the above
17	The Ad, SRAS ,and LRAS curve each show a relationship between which two economic variables.	A. The aggregate price level and output B. The aggregate price level and the interest rate C. Output and unemployment D. Output and the interest rate.
18	The three main components of the aggregate demand aggregate supply model include.	A. AD, SRAS, LM B. SRAS, LRAS, IS C. AD, IS, LM D. AD, SRAS, LRAS
19	Wars new inventions, harvest failures, and change sin government policy are examples of.	A. The business cycle B. Economics models C. Shocks D. Opportunity costs
20	Which of the following macro economic variables doesn't vary much ove the seasons.	A. The nominal money stock B. The unemployment rate C. The real wage D. Average labor productivity