

PPSC Economics Topic 3 Macro Economics

Sr	Questions	Answers Choice
1	The appropriate expenditure switching policy to correct a balance of payments deficit is.	A. Contractionary monetary policy B. expansionary fiscal policy C. Currency devolution D. Currency revaluation
2	Which theory is generally included under micro economics.	A. Price theory B. Income theory C. Employment theory D. None of the above
3	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 school
4	The econometric problem of errors in variables leads to	A. Ballasted estimates of regression coefficients. B. Autocorrelation C. Unbiased estimates of regression coefficients but non minimum variance of estimated coefficients. D. None of the above
5	Which of the following is the most liquid.	A. A savings account B. A 6 months CD C. A home D. Water
6	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 lead to a depreciation of the currencies of other nations D. Tends to lead to a depreciation of a nation's currency.
7	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
8	In a private sector model	A. Household saving is a leakage from the circular flow B. Investment is a spending injection C. All of the above D. None of the above
9	A temporary decrease in government purchases would cause.	A. A rightward shift in the saving curve and a leftward shift in the investment curve B. A rightward shift in the saving curve and a rightwards shift in the investment curve. C. A right ward shift in the saving curve but no shift in the investment curve D. No shift in the saving curve but a left ward shift in the investment curve.
10	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
11	A decrease in the marginal propensity to import will lead to.	A. An increase in GNP B. Lower the multiplier

		<p>C. An increase in imports</p> <p>D. A decrease in imports</p>
12	Which of the following changes shifts the SRAS curve down.	<p>A. An increase in the labor force</p> <p>B. An increase in the money supply</p> <p>C. A decrease in government purchases</p> <p>D. A decrease in firms costs</p>
13	The costs of disinflation would be low if	<p>A. Expected inflation falls as inflation falls</p> <p>B. Wages and price controls were used</p> <p>C. The Phillips curve were nearly horizontal</p> <p>D. The Phillips curve adjusted slowly to changes in inflation</p>
14	The appropriate expenditure switching policy to correct a balance of payment surplus is.	<p>A. Currency revaluation</p> <p>B. Currency devaluation</p> <p>C. Expansionary monetary policy</p> <p>D. Contractionary fiscal policy</p>
15	A change that increases the real money supply relative to real money demand causes.	<p>A. The LM curve to shift down and to the right.</p> <p>B. The LM curve to shift up and to the left</p> <p>C. The IS curve to shift down and to the left</p> <p>D. The IS curve to shift up and to the right.</p>
16	The main cause of cyclical unemployment is that.	<p>A. Firms engage in race gender and sex discrimination in their hiring practices.</p> <p>B. Some individual do not have marketable job skills.</p> <p>C. the level of overall economic activity fluctuates</p> <p>D. Workers offer voluntarily quit a job to look for a better job.</p>
17	In closed economic model aggregate demand is not sensitive to.	<p>A. Interest rates</p> <p>B. Exchange rates</p> <p>C. Price level</p> <p>D. Tax policy</p>
18	Which of the following assets is most liquid.	<p>A. Shares of stock in IBM</p> <p>B. Land</p> <p>C. Gold</p> <p>D. Currency</p>
19	"An Enquiry into the Nature and causes of wealth of Nations" is thebook of economist.	<p>A. Adam smith</p> <p>B. Marshall</p> <p>C. Robbins</p> <p>D. None of above</p>
20	According to the life cycle hypothesis consumption is related to.	<p>A. Current income</p> <p>B. Past peak income</p> <p>C. Expected lifetime income</p> <p>D. Price expectations over one's life time</p>