

PPSC Economics Topic 3 Macro Economics

Sr	Questions	Answers Choice
1	When the price level increases 25% starting from a price level equal to 100, a Rs. 1000 bond will have a real value of .	A. Rs. 800 B. Rs.1250 C. Rs.750 D. Rs.666
2	When aggregate economic activity is declining , the economy is said to be in.	A. A contraction B. An expansion C. A trough D. A turning point
3	Which of the following is not a category of consumption spending in the national income accounts.	A. Consumer durables B. Non durable goods C. Services D. Housing Purchases
4	An invention that speeds up the internet is an example of.	A. An income effect B. An increase in labor C. A substitution effect D. A supply shock
5	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
6	What is the possible cause for a falling real GNP over a period of time.	A. A general fall in the value of output though changes in quantities produced. B. A general increase in prices C. An increase in the value of output produced and a general increase in prices D. A, B and C
7	The data indicates that country A in billions of rupees is experiencing a	A. A deficit of Rs.60 B. A surplus of Rs. 300 C. Deficit of Rs.900 D. A deficit of Rs. 500
8	The term household production refers to	A. Output produced by forcing children to work B. Output produced by workers who are telecommuting C. Services provided directly to households such as lawn mowing by landscape companies. D. Output produced at home
9	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
10	Peaks and trough of the business cycle are known collectively as.	A. Volatility B. Turning points C. Equilibrium point D. Real business cycle events
11	In the Keynesian model in the short run a decrease in government purchases causes output to _____ and the real interest rate to .	A. fall ; rise B. fall ; fall C. rise ; rise D. rise; fall
12	The normal interest rate minus the inflation rate is the	A. Depreciation rate B. Discount rate C. Real interest rate D. Forward rate
13	A decline expected future output would cause the IS curve to.	A. Shift up and to the right B. Shift down and to the left C. Remain unchanged D. shift up and to the right only if people face borrowing constraints.
		A. A rightward shift in the saving

14	A temporary decrease in government purchases would cause.	<p>curve and a leftward shift in the investment curve</p> <p>B. A rightward shift in the saving curve and a rightwards shift in the investment curve.</p> <p>C. A right ward shift in the saving curve but no shift in the investment curve</p> <p>D. No shift in the saving curve but a left ward shift in the investment curve.</p>
15	The long run aggregate supply curve.	<p>A. Is vertical</p> <p>B. Slopes upward</p> <p>C. Is horizontal</p> <p>D. Slopes downward</p>
16	According to classical economists the economy.	<p>A. Requires fine tuning to reach full employment</p> <p>B. Should not be left to market forces</p> <p>C. Will never be at full employment</p> <p>D. Is self correction</p>
17	Which of the following is the most liquid.	<p>A. A savings account</p> <p>B. A 6 months CD</p> <p>C. A home</p> <p>D. Water</p>
18	A temporary decline in productivity would cause the IS curve to.	<p>A. Shift up and to the right</p> <p>B. Shift down and to the left</p> <p>C. Remain unchanged</p> <p>D. Shift up and to right only if people face borrowing constraints</p>
19	The aggregate demand curve	<p>A. Is vertical</p> <p>B. Slopes upward</p> <p>C. Is horizontal</p> <p>D. Slopes downward</p>
20	A rise in the price of bond causes the yield of the bond to.	<p>A. Rise</p> <p>B. Fall</p> <p>C. Remain unchanged</p> <p>D. Rise uf ut's a short term bond, fall if it's a long term bond</p>