

## PPSC Economics Topic 3 Macro Economics

0-	Outstand	American Obsiss
Sr	Questions	Answers Choice
1	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
2	Which of the following will not result in an increase in the level of income.	A. An increase in autonomous spending B. A decrease in autonomous taxes C. An increase in autonomous transfers D. an increased in net tax revenues
3	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
4	According to Keynesians the primary source of business cycle fluctuation is.	A. Aggregate demand shocks B. Productivity shocks C. Oil price shocks D. Consumer confidence shocks
5	What is the level of savings for disposable income = Rs.5,000 if dissaving's of 50 occur at a disposable income of Rs.0 and a marginal propensity to save equal to 0.257	A. Rs. 1.25 B. Rs.1.125 C. Rs.1,200 D. Rs.1,100
6	Disinflationary demand management policies.	A. Achieve a lower rate of inflation without causing a decreases in output.  B. Reduce output but have no initial effect on the inflation rate C. Require an increase in government spending. D. Require a reduction in the growth rate of the nominal money supply.
7	The reason that only final sales are counted in GDP is	A. To avoid double counting good that are sold so as to be resold B. To not count production in other countries C. Because the government can't get records on intermediate sales. D. To simplify the computation and no other reason
8	An increase in the expected future marginal product of capital would cause the IS curve to.	A. Shift up and to the right B. Shift down and to the left C. Remain unchanged if firms face borrowing constraints otherwise shift down and to the left D. Remain changed
9	The MPS = 0.4 and government spending increases by 20 billion. The LM curve	A. Shifts to the right by 20 billion B. Shifts to the right by 50 billion C. Does not shift D. shifts to the left by 30 billion
10	Which of the following events would lead to an increase in the marginal product If labor for every equantity labor.	A. An increase in the real wage B. A decrease in the real wage C. A favorable supply shock such as a fall in the price of oil D. an adverse supply shock such as a reduced supply of raw materials.
11	The regression results indicate that the standard error of estimate is.	A. 135.94 B. 16.06 C. 28.98 D. 4.27
12	What adjusts to restore general equilibrium after a shock to the economy.	A. The LM curve B. The IS curve

		C. The FE line D. The labor supply curve
13	The philippic curve is the relation between inflation and unemployment that hold for a given natural rate of unemployment. and a	A. Given rate of inflation     B. Given expected rate on inflation     C. Given level of unemployment     D. Given expected level of unemployment
14	From a Keynesian perspective business investment will de cline as a result of.	A. A fall in the interest rate     B. A decrease in business taxes     C. A decline in business expectations     D. Acceleration of business depreciation
15	Friedman and phelps suggested that there should not be a stable relationship between inflation and unemployment, but here should be a stable relationship between	A. Anticipated inflation and frictional unemployment B. Anticipated inflation and cyclical unemployment C. Unanticipated inflation and frictional unemployment. D. Unanticipated inflation and cyclical unemployment
16	Country A 's GNP is increasing by 3% a year in contrast to its population growth of 2.4% The rate of growth of per capita GNP is.	A. 3% B. 0.85 C. 0.6% D. 2.4%
17	Under law of demand.	A. Price of commodity is an independent variable B. Quantity demanded is a dependent variable C. Reciprocal relationship is found between price and quantity demandded D. All of the above
18	The reduction of the inflation rate is called	A. Deflation B. Disinflation C. Inflation D. Reflation
19	The estimated regression coefficient for good Y indicates	A. Goods X and Y are independent goods B. Good Y is relatively elastic C. Good Y is a luxury good D. Goods X and Y are complementary goods
20	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