

## PPSC Economics Chapter 3 Macro Economics

Sr	Questions	Answers Choice
1	The nominal interest rate minus the inflation rate is the	A. Depreciation rate B. Discount rate C. Forward rate D. Real interest rate
2	A disadvantage of chain weighting is that	A. Past inflation rates change whenever the base year changes. B. Past growth rates of real GDP change whenever the base year changes. C. It causes output growth to slow D. The components of real GDP don't sum to real GDP
3	The value of real GDP in the current year equals.	A. The value of current year output in prices of the base year B. The value of current year output in prices of the current year C. The value of base year output in prices of the base year D. The value of base year output in prices of the current year
4	The government budget surplus equals	A. Government purchases plus transfers B. Net government receipts minus government purchases C. Government purchases minus net receipts D. Government purchases minus transfers.
5	The value of a household's assets minus the value of its liabilities is called.	A. Income B. Debt C. Stock D. Wealth
6	Net National product equals.	A. Gross national product minus indirect business taxes B. Gross national product minus depreciation C. National income minus indirect business taxes D. National income plus depreciation
7	In the expenditure approach to GDP which of the following would be excluded from measurement of GDP.	A. Government payments for goods produced by foreign firms B. Government payments for goods produced by firms owned by state of local government C. Government payments for welfare D. All government payments are included in GDP
8	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
9	GDP difference between GNP because.	A. GDP = GNP - net factor payments from abroad B. GNP = GDP -net factor payments from abroad C. GDP = GNP -capital consumption allowances D. GNP = GDP -capital consumption allowances.
10	Capital goods are	A. A type of intermediate good B. Final goods, because they are not used up during a given year C. Produced in the same year as the related final good whereas intermediate goods are produced in ... D. ...

		different years. D. Produced in one year whereas final goods are produced over a period of more than one year
11	The measured of GDP includes	A. Non market goods such as home making and child rearing B. The benefits of clean air and water C. Estimated values of activity in the underground economy D. Purchases and sales of goods produced in previous periods
12	To ensure that the fundamental identity of national income accounting holds changes in inventories are.	A. Ignored B. Counted as consumption C. Treated as part of saving D. Treated as part of expenditure
13	The value of a producer's output minus the value of the inputs if purchases from other producers is called the producer's	A. Surplus B. Profit C. Gross product D. Value added
14	While resources and products flow in one direction of the circular flow model what flow the other direction.	A. Services B. Public goods C. Money D. Imported goods
15	In the product market of the circular flow model.	A. Firms buy finished products from households. B. Consumers buy factors of production from firms C. Firms Sell factors of production to the government D. Consumers buy finished products from firms
16	What did economist Adam Smith identify as the "invisible hand" that directs the decision making of firms and households in a market economy.	A. Government B. Product demand C. Self interest D. International trade
17	In a mixed economy the economic decisions of what to produce how to produce, and who will receive products are made by	A. The government B. Consumers and firms C. Banks and stock markets D. Firms, consumers, and government.
18	In market economics the incentive that draws entrepreneurs into industry is.	A. Government bonuses for meeting production quotas B. Profit C. Government assumption of the risk of failure D. Government assistance with making output and pricing decisions
19	Economic planning by enteral government agencies is primarily associated with	A. command economies B. Market economies C. Laissez faire economies D. Market faire economies