

PPSC Economics Topic 3 Macro Economics

Sr	Questions	Answers Choice
1	In the Keynesian model in the long run an increase in the money supply will raise	<p>A. The price level but not the level of output</p> <p>B. The level of output but not the price level</p> <p>C. Both the level of output and the price level</p> <p>D. Neither the level of output nor the price level</p>
2	An adverse supply shock that is permanent shifts which curve in addition to the curves shifted by. One that is temporary.	<p>A. The LM curve</p> <p>B. The IS curve</p> <p>C. The FE line</p> <p>D. The labor demand curve</p>
3	The regression results indicate that the standard error of estimate is.	<p>A. 135.94</p> <p>B. 16.06</p> <p>C. 28.98</p> <p>D. 4.27</p>
4	Suppose nominal GNP is Rs.500 in year 1, the base year If the GNP deflator doubles by year 6 while real output has increased 40% nominal output in year 6 equals.	<p>A. Rs.2000</p> <p>B. Rs.1400</p> <p>C. Rs.1000</p> <p>D. Rs.750</p>
5	According to Keynesian macro economics price adjust _____ to shocks, so the government should.	<p>A. Slowly ; do little</p> <p>B. Rapidly ; do little</p> <p>C. Rapidly ; fight recessions</p> <p>D. Slowly ; fight recessions</p>
6	When the value of output exceeds planned spending .	<p>A. There is unsold output, and the level of income will fall</p> <p>B. there is unsold output and the level of income will rise</p> <p>C. There is unsold output, and the level of income does not change.</p> <p>D. All of the above</p>
7	If a Canadian dollar costs 0.75 in terms of U.S. dollars, how much Canadian money would an American need to spend in Canada to get a dollar's worth of U.S. value.	<p>A. 25\$</p> <p>B. 99\$</p> <p>C. Rs.1.25</p> <p>D. Rs.1.13</p>
8	At point of satiety marginal utilityis.	<p>A. Positive</p> <p>B. Negative</p> <p>C. Maximum</p> <p>D. Zero</p>
9	Which of the following will not result in an increase in the level of income.	<p>A. An increase in autonomous spending</p> <p>B. A decrease in autonomous taxes</p> <p>C. An increase in autonomous transfers</p> <p>D. an increased in net tax revenues</p>
10	An increase in the real wage rate will cause	<p>A. The labor demand curve to shift to the right</p> <p>B. The labor demand curve to shift to the left</p> <p>C. The quantity of labor demanded to rise</p> <p>D. A movement along the labor demand curve</p>
11	A change that increase real money demand relative to the real money supply 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>
12	The Kevnesian theorv is consistent with the business cvcle fact that inflation is	<p>A. Procyclical and leading</p> <p>B. Procyclical and lagging</p>

		C. Countercyclical and leading D. All of these
13	When GNP is Rs.500 billion and consumption expenditures are Rs.300 billion.	A. the MPC is 6 B. The MPS is 4 C. The Multiplier is 2.5 D. None of the above
14	Which of the following is an economic activity.	A. Teaching of a teacher in the school. B. To teach son at home C. To serve her child by mother D. to play foot ball by a student
15	Suppose the government provides a tax cut today that is matched by a tax increase in the future that's equal in present value to the tax cut This causes a consumer's saving to.	A. Decrease B. Increase C. Remain unchanged D. Increase if the person was a lender and decrease if the person was a borrower
16	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
17	A decrease in the effective tax rate on capital would cause the IS curve to.	A. Shift up and to the right B. shift down and to the left C. Remain unchanged D. Remain unchanged if taxes are fully deductible from income otherwise, shift up and to the right
18	The short run aggregate supply curve the absence of misperceptions.	A. Is vertical B. Slopes upward C. Is horizontal D. Slopes downward
19	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
20	Which of the following changes shifts the SRAS curve up.	A. Ani increases in the labor force B. A decrease in government purchases C. An increase in firms costs D. An increase in the money supply