

PPSC Economics Topic 3 Macro Economics

| Sr | Questions | Answers Choice |
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| 1 | "Human Welfare is the subject of Economics" Y. This statement is associated with the name of which of the economists. | A. Marshall B. Pigou C. Pension D. All of the above |
| 2 | 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. |
| 3 | Which of the following macro economic variables is procyclical and coincident with the business cycle. | A. Residential investment B. Nominal interest rates C. Industrial production D. Unemployment |
| 4 | Company X sells Rs.75 million dollars of 9.5% first mortgage bonds at par The company's marginal tax rate to 30% The after tax cost of debt is. | A. 2.85% B. 3.175 C. 6.68% D. 7.55 |
| 5 | The long term demand for real money balance will rise when | A. the income elasticity of the demand for money is less than unity. B. There is a long term increase in the price level C. There is a relative increase in the stock of government securities. D. Long term market interest rates are falling. |
| 6 | The yield curve shows | A. The yields on stocks of different maturities B. The interest rates on bonds of different maturities. C. The yields on stocks with differing default risk D. The yields on bonds with differing default risk |
| 7 | 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 demanded D. All of the above |
| 8 | The Ad, SRAS ,and LRAS curve each show a relationship between which two economic variables. | A. The aggregate price level and output B. The aggregate price level and the interest rate C. Output and unemployment D. Output and the interest rate. |
| 9 | Which of the following changes shifts the AD curve up and to the right. | A. A rise in the nominal money supply B. An increase in income taxes C. An increase in the risk on nonmonetary assets D. A decreasing the future marginal productivity of capital. |
| 10 | A Rs.10 increase in autonomous investment spending shifts is. | A. Rightward by Rs. 10 B. Leftwards by Rs. 10 C. Rightward by Ke (Rs.10) D. Leftward y Ke (Rs.10) |
| 11 | The monetary base in composed of. | A. Gold and silver B. Currency only C. Currency and reserves D. Currency and checkable deposits |

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| 12 | If the foreign interest rate is 12% while the domestic interest rate is 9% then the forward premium will be. | A. 1.3 % B. 12% C. 9% D. 3% |
| 13 | The gift exchange motive suggests that | A. Workers value benefits like health insurance more than job security B. Workers prefer a nice work environment even if they must accept lower wages. C. Workers who feel well treated will work harder and more efficiently D. Workers will shirk if they are paid a low wage |
| 14 | Which of the following solutions does the economist suggest to cost inflation in higher education. | A. Cutting professor salaries B. Make students live at home C. Reduce college from four to three years D. B and C |
| 15 | When planned saving equals Rs.40+0.20 Yd and planned investment is rs. 60, the equilibrium level of income is. | A. Rs. 100 B. Rs. 400 C. Rs.500 D. Rs.1000 |
| 16 | To avoid double counting when the GNP is estimated, economists | A. Price all goods and services bought and sold in all markets B. Use the GNP deflator C. Price only intermediate goods D. Calculate value added at each stage of production. |
| 17 | When desired national saving equals desired national investment what market is in equilibrium. | A. The goods market B. The money market C. The foreign exchange market D. The stock market |
| 18 | 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 |
| 19 | 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 |
| 20 | Friedman and Phelps suggested that there should not be a stable relationship between inflation and unemployment, but there 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 |