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PPSC Economics Full Book MCQ Test

Sr	Questions	Answers Choice
1	As the interest sensitivity of investment spending increase.	A. Monetary policy has a larger effect on output B. Fiscal policy has a larger effect on output C. The multiplier increases D. All of the above
2	As the interest sensitivity of money demand increases	A. The multiplier term increases B. Fiscal policy has a greater effect on output C. Monetary policy has a smaller effect on output D. All of the above
3	In an economy experience high interest rates and high unemployment The ISLM frame work predicts that __________ policy has been too.	A. fiscal ; expansionary B. fiscal ; contractionary C. monetary ; expansionary D. monetary ; contractionary
4	Despite an expansionary monetary policy an economy experiences a recession the recession could occur in spite of the right ward shift of the LM curve if	A. The IS curve shifts left ward B. The IS curve shifts right ward C. The money supply increase D. Taxes are cut
5	An increase in spending those results from expansionary ________ policy cause the interest rate to.	A. fiscal ; rise B. fiscal ; fall C. incomes ; rise D. income ; fall
6	Aggregate output and the interest rate are _______ related to government spending and are ___ related to taxes.	A. Positively ; positively B. Positively ; negatively C. negatively ; positively D. negatively ; negatively
7	In the case of an expansionary ___ policy the interest rate rise while in the case of an expansionary ________ policy the interest rate falls.	A. monetary ; monetary B. monetary ; fiscal C. fiscal ; monetary D. fiscal ; fiscal
8	In the ISLM frame work a contractionary fiscal policy causes aggregate output to ____________ and the interest rate to	A. Increase ; increase B. Increase ; decrease C. decrees ; decrease D. decrease ;Increase
9	In the ISLM frame work an expansionary fiscal policy causes aggregate output to __________ and the interest rate to.	A. increases ; increase B. increases ; decrease C. decreases ; decreases D. decreases ; increses
10	In the money market a condition of excess supply of money cna be eliminated by a __________ in aggregate output or a __ in the interest rate , both of which increase the quantity of money demanded.	A. rise ; rise B. rise ; fall C. fall ; rise D. fall ; fall
11	In the money market a condition of excess demand for money can be eliminated by a ___________ in aggregate output or a ____ in the interest rate both of which reduce the quantity of money demanded.	A. rise ; rise B. rise; fall C. fall ; rise D. fall ; fall
12	a contractionary monetary policy	A. Reduces interest rtes B. Reduces real output C. shifts the LM curve to the right D. All of the above
13	A monetary expansion is characterized by	A. Rising output and interest rates B. Rising output and falling interest rates. C. Constant output and falling interest rates D. Falling output and interest rates
14	An expansionary monetary policy	A. Reduces interest rates B. Increases real output C. Shifts the LM curve to the right

		D. All of the above
15	In the ISLM framework an expansionary monetary policy causes aggregate output to ______________ and the interest rate to	A. increase ; increase B. Increase ; decrease C. decrease ; decrease D. decrease ; increase
16	An autonomous rise in ___________ note causes by a change in the price level aggregate output of the interest shifts the __________ curve to the	A. Net exports LM right B. Net exports LM left C. Money demand IS right D. Money demand LM left
17	A bonds becomes a riskier asset the demand for money_______ and all else constant, the equilibrium interest rate	A. Rises ; rises B. rises ; falls C. falls ; rises D. falls ; falls
18	If the demand for money increase relative to the supply of money	A. Interest rates will trend upward B. Interest rates will trend downward C. Interest rates are not affected by increases in money demand D. Interest rates will behave randomly
19	An autonomous increase in money demand.	A. Shift the IS curve to the right B. Shifts the IS curve to the left C. Shift the LM curve to the right D. Shift the LM curve to the left
20	An increase in money demand other thing equal shifts the ____ curve to the___	A. IS ; right B. IS ; Left C. LM ; Left D. LM ; right
21	A decrease iin money demand other thing equal shifts the _____ curve to the	A. IS ; right B. Is ; Left C. LM ; Left D. LM ; Rfight
22	A decrease iin money demand other thing equal shifts the _____ curve to the	A. IS ; right B. Is ; Left C. LM ; Left D. LM ; Rfight
23	A decrease iin money demand other thing equal shifts the _____ curve to the	A. IS ; right B. Is ; Left C. LM ; Left D. LM ; Rfight
24	A decrease iin money demand other thing equal shifts the _____ curve to the	A. IS ; right B. Is ; Left C. LM ; Left D. LM ; Rfight
25	A decrease iin money demand other thing equal shifts the _____ curve to the	A. IS ; right B. Is ; Left C. LM ; Left D. LM ; Rfight
26	During the early years of the Great depression there was a significant decrees n the the money supply that causes. the ______ to shift____	A. LM ; rightward B. IS ; rightwards C. LM ; Leftward D. IS ; Leftward
27	During the early years of the Great depression there was a significant decrees n the the money supply that causes. the ______ to shift____	A. LM ; Leftward B. LM ; rightward C. IS ; Leftward D. IS ; rightwards
28	When the central Bank ________ the money supply the LM curve shifts to the _______ interest rates ____________ and equilibrium aggregate output.	A. Increase ; right ; fall; increase B. increases ; left ; rise ; decrease C. decreases ; left ;rise ; increases D. decreases ; left ; fall ; increases
29	An increase in the money supply shifts the LM curve to the right causing the interest rate to __________ and output to.	A. rise ; rise B. rise ; fall C. fall ; rise D. fall ; fall
30	An increase in money _______ shifts the LM curve to the _____ causing the interest rate to fall and output to rise	A. demand ; right B. demand ; left C. supply ; right D. supply ; left