PPSC Economics Full Book MCQ Test

Sr	Questions	Answers Choice
1	A decline in the money supply shifts the LM curve to the left causing the interest rate to ________ and output to___	A. rise ; rise B. rise ; fall C. fall ; rise D. fall ; fall
2	A decline in the money__________ shifts the LM curve to the ____ causing the interest rate to rise and output to fall.	A. Demand ; right B. demand ; left C. supply ; right D. supply ; left
3	A decrease in the quantity of money supplied shifts the money supply curve to the _____ and the LM curve to the	A. right ; left B. right ; right C. left ; left D. left ; right
4	An increases in the quantity of money supplied shifts the money supply curve to the _____and the LM curve to the	A. right ; left B. right ; right C. left ; left D. left ; right
5	A decrease in the quantity of money supplied shifts the money supply curve to the________ and the equilibrium interest rate	A. right ; fall B. right ; rises C. left ; falls D. left ; rises
6	An increase in the quantity of money supplied shifts the money supply curve to the_______ and the equilibrium interest rate	A. right ; falls B. right ; rises C. left ; falls D. left ; rises
7	If the Federal reserve conducts open market __ the money supply __ shifting LM curve to the left.	A. Purchases ; decreases B. sales ; decreases C. purchases ; increases D. sales ; increases
8	If the Federal reserve conducts open market ________ the money supply _______ shifting the LM curve to the right.	A. Purchases ; decreases B. sales ; increases C. purchases ; increases D. sales ; decreases
9	If Federal reserve conducts open market sales, the money supply ___ shifting the LM curve to the_____	A. decreases ; right B. decreases ; left C. Increases ; right D. Increase ; left
10	An increase in the money supply other thighs equal shifts the ______ curve to the	A. IS ; right B. Is ; left C. LM ; Left D. LM ; right
11	Which of the followig does not shift the IS curve .	A. An increases in autonomous consumption B. An increase in government spending. C. A decline in government spending D. A fall in theinterest rate
12	Factor that cause the IS curve to shift include.	A. Change in autocoups consumer spending B. Change in taxes C. Change in government spending D. All of the above
13	Factors that cause the IS curve to shift include.	A. Changes in autonomous consumer spending B. Changes in government spending C. Changes in investment spending related to business confidence D. All of the above
14	An increases in the value of the Rupee makes foreign goods cheaper relative to Pakistan goods, resulting in a _______ in net exports and a __ shift of the IS curve	A. fall ; leftward B. rise ; leftward C. fall ; rightward D. rise ; rightward

15	A decline in the value of the rupee makes Pakistan goods cheaper relative to foreign goods, resulting in a __________ in net exports and a ________shifts of the IS curve.	A. fall ; leftward B. rise ; leftward C. fall ; rightward D. rise ; rightward
16	A shift in tastes toward foreign goods _______ net exports and causes the IS curve to shift to the	A. decreases ; right B. decrease ; left C. increase ; right D. increases ; left
17	A shift in tastes toward Pakistan goods _________ net exports and causes the IS curve to shift to the.	A. decreases ; right B. decreases ; fall C. increases ; rise D. increases ; fall
18	A shift in tastes toward Pakistan goods _______ net exports and causes the quantity of aggregate output demanded to_______	A. decreases ; rise B. decreases ; fall C. Increases ; rise D. Increase ; fall
19	A shift in tastes loward foreign goods_______ net exports and causes the quantity of aggregate output demanded to.	A. decreases ; rise B. decreases ; fall C. increases ; rise D. increases ; fall
20	When the value of the Rupee rises Pakistan goods become ______ expensive relative to foreign goods which ___ exports.	A. more ; iincreases B. less ; increases C. more ; decreases D. more ; increases
21	An autonomous rise in the value of the Rupee makes Pakistan goods ______ expensive relative to foresight goods which _______ net exports	A. Less ; decreases B. Less ; increases C. More ; decreases D. more ; increases
22	An autonomous decline in the value of the Pakistan Rupee makes Pakistan goods ________ relative to foreign goods and results in a _______ in net exports.	A. Cheaper ; decline B. Cheaper ; rise C. dearer ; decline D. dearer ; rise
23	If young busness professionals in Pakistan suddenly decide that driving japan made cars is an important status symbol net exports will tend to ______________causing aggregate demand to.	A. fall ; fall B. fall ; rise C. rise ; fall D. rise ; rise
24	A tax cut __ disposable income ______ consumption expenditure and shifts the IS curve to the.	A. Increases ; increases ; right B. Increases ; decreases ; left C. decreases ; increases ; left D. decreases ; decreases ; right
25	A tax increase ___________ disposable income ____ consumption expenditure and shifts the IS curve to the.	A. Increase; increases ; right B. Increase ; decreases ; left C. decreases ; increases ; left D. decreases ; decreases ; left
26	A decline in taxes __ consumer expenditure and shifts the _ curve shifts to the.	A. Raises ; LM; Right B. Lowers; IS ; left C. raises ; IS; right D. Lower ; LM; left
27	The IS curve shifts to the left when	A. Taxes increase B. Government spending increase C. The money supply increases D. All of the above occur
28	Increases in government spending increase interest rates and aggregate output in the ISLM framework this is a _____ shift of the ______ curve.	A. Left ward ; LM B. Right ; LM C. Left ward ; IS D. Left ward ; AD
29	A reduction in government spending causes the equilibrium level of aggregate output to ____________ at any given interest rate and shifts the _________ curve to the.	A. fall ;LM; right B. fall ;IS; Left C. fall ;LM; Left D. rise ;LM; Rifht
30	An increase in government spending causes the equilibrium level of aggregate output to________ at any given interest rate and shifts the _____ curve to the	A. rise ; LM ; right B. rise ; LM ;Left C. fall ; IS ; Left D. rise ; IS ;right