PPSC Economics Full Book MCQ Test

Sr	Questions	Answers Choice
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	Given the Is -LM construction of the figure above an unexpected increase in the price level, in the absence of any policy adjustment will.	A. Increase both interest rates and GNP B. Reduce both interest rates and GNP C. Increase GNP but cause interest rates to tall D. Increase interest but cause GNP to fall.
3	The major source of revenue for the government is.	A. the collection of property taxes B. The collection of the corporates income tax C. The collection of excise taxes on gasoline cigarettes and tires D. The collection of import and export duties in the conduct of foreign trade
4	"Economics is what economists do " It has been supported by.	A. Richard jones B. Comte C. Gunnar Myrdal D. All of the above
5	Economics is the science of Wealth who gave this definition.	A. J-x Mehta B. Marshall C. Adam Smith D. Robbins
6	Which of the following procedures is included in the process that produces a value for disposable personal income	A. subtracting excies and sales taxes B. Subtracting nonbusiness interest C. Subtracting transfer payment from government. D. subtracting income taxes
7	According to classical economists the economy.	A. Requires fine tuning to reach full employment B. Should not be left to market forces C. Will never be at full employment D. Is self correction
8	The practice of using fiscal and monetary policy to stabilize the economy is known as.	A. Fine turning of deamand B. Monetarism C. Laissez faire economics D. Supply side economics
9	A group of modern economists who believe that price and wage rigidities do not provide the only rationale for macroeconomic policy activism are called.	A. New Keynesians B. Keynesians C. Monetarists D. The Classical shool
10	Money must fulfill all of the following functions except.	A. Be a medium of exchange B. Be a store of value C. Be generally accepted as a means of purchasing commodities D. The above are all functions of money
11	Which of the following assets is most liquid.	A. Shares of stock in IBM B. Land C. Gold D. Currency
12	All of the following are obstacles to international economic policy coordination except.	A. Different national objectives are institutions B. Different national political climates C. Different phases in the business cycle D. Different national currencies.
13	The appropriate expenditure switching policy to correct a balance of payments deficit is.	A. Contractionary monetary policy B. expansionary fiscal policy

		C. Currency devolution D. Currency revaluation
14	The appropriate expenditure switching policy to correct a balance of payment surplus is.	A. Currency revaluation B. Currency devaluation C. Expansionary monetary policy D. Contractionary fiscal policy
15	Given fixed change rate assume Pakistan initiates expansionary monetary and fiscal polices to combat recession these policies will also.	A. Increase both imports and exports B. Increase exports and reduce import C. Reduce a balance of payments surplus D. Reduce a balance of payment deficit
16	An expenditure reducing policy would consist of a decrease in	A. The par value of a currency B. Government expenditures C. Import duties D. Business or household taxes
17	An expenditure increasing policy would consist of an increase in	A. Import tariffs B. Import quotas C. Governmental taxes D. The money supply
18	Which policy is an expenditure switching policy.	A. Increase in the money supply B. Decrease in government expensitures C. Increase in business and household taxes D. Decrease in import tariffs
19	Most industrial construes generally considered ________ as the most important economic goal	A. External balance B. Internal balance C. Maximum efficiency for business D. Maximum efficiency for labor
20	A nation experience external balance if it achieves.	A. No net changes in its international gold stocks B. Productivity levels equal to those of its trading partners C. An increases in its money supply equal to increases overseas D. Equilibrium in its balance of payments
21	A nation experiences internal balance if it acieves.	A. Full employment B. Price stability C. Full employment and price stability D. Unemployment and price instability
22	The costs of disinflation would be low if	A. Expected inflation falls as inflation falls B. Wages and price controls were used C. The Phillips curve were nearly horizontal D. The Phillips curve adjusted slowly to changes in inflation
23	The reduction of the inflation rate is called	A. Deflation B. Disinflation C. Inflation D. Reflation
24	Hyperinflation occurs when	A. The inflation rate rises B. The inflation Tate declines C. The inflation rate is extremely high D. The inflation rate is extremely low
25	The idea that the natural rate of unemployment rises when the acual rate of unemployment rise is known s.	A. Stabilization B. Insider outsider theory C. Hysteresis D. an efficiency wage model
26	When the economy goes into are cession there's an increase in.	A. Frictional unemployment B. structural unemployment C. Cyclical unemployment D. Voluntary unemployment
27	The fact that the long run Phillips curve is vertical implies that	A. Monetary policy can't effect unemployment B. Money is neutral in the long run C. There is a natural rate of inflation D. Money can't affect inflation in the long run
		A. Vertical

28	The long run Phillips curve is	A. Vertical B. Horizontal C. Upward sloping D. Downward sloping
29	A beneficial supply shock would cause.	A. A movement up the short run Phillips B. a movement down the short run Phillips curve C. The short run Phillips curve to shift upward and to the rights D. The short run Phillips curve to shift down ward and to the left
30	If the expected rate of inflation rose at the same time the natural rate of unemployment rose the Philips curve.	A. would shift down B. would shift up C. Would not move D. Might shift up or down or not move depending on which effect was larger.