PPSC Economics Full Book MCQ Test

Sr	Questions	Answers Choice
1	If the expected inflation rate is unchanged a fall in the natural rate of unemployment would.	A. shift the Phillips curve to the right B. Not Shift the phillips curve **C. Shift the Phillips curve to the left** D. shift the Phillips curve to the left shift the long -run Philips curve to the right
2	An increase in the expected rate of inflation would.	**A. shift the Philips curve upward** B. shift the phillips curve downward C. Shift the long -run phillips curve to the right D. Shift the long-run phillips curve to the left
3	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
4	"An Enquiry into the Nature and causes of wealth of Nations" is thebook of economist.	**A. Adam smith** B. Marshall C. Robbins D. None of above
5	If the federal reserve whishes to increase the money supply, it should	A. Raise the reserve requirement B. Raise the discount rate **C. Buy Treasury securities in the open the market** D. All of the above
6	Friedman and phelps suggested that there should not be a stable relationship between inflation and unemployment, but here 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
7	The negative relation ship between unemployment and inflation is know as the	A. Aggregate supply curve B. Aggregate demand curve **C. Philipps curve** D. Efficiency wage line
8	The origin of the idea of a trae off between inflation and unemployment was a 1958 article by	**A. A.W Philips** B. Edmund phelps C. Milton Friedman D. Robert Gordon
9	Assuming that money is neutral an increase in the nominal money supply would causes.	A. An excess supply for goods B. an increase in the real money supply C. A fall in the price level **D. A rise in nominal wages**
10	The term household production refers to	A. Output produced by forcing children to work B. Output produced by workers who are telecommuting C. Services provided directly to households such as lawn mowing by landscape companies. **D. Output produced at home**
11	According to classical economists unemployment rises in recessions due to an increase in ______ unemployment , not in _______ unemployment.	A. Cyclical ; frictional and structural B. Frictional and cyclical , structural C. Structural , frictional and cyclical **D. Frictional and structural ; cyclical**
12	In the monetary base is increased by $1,000 and the reserve requirement is 10% by how much will the money supply be increased.	A. $100 B. $1,000 C. $5,000 **D. $10,000**

13	The monetary base in composed of.	A. Gold and silver B. Currency only C. Currency and reserves D. Currency and checkable deposits
14	Which of the following is the most liquid.	A. A savings account B. A 6 months CD C. A home D. Water
15	A temporary adverse productivity shock would.	A. Shift the labor supply curve upward B. Decrease the level of employment C. Decrease future income D. Decrease the expected future marginal product of capital
16	Which of the following is an example of a productivity shock.	A. The introduction of new management techniques B. A change in taxes on corporate profits C. A change in the level of government transferors D. An increase in the money supply
17	Real business cycle theorists think that most business cycle fluctuations are caused by shocks to.	A. The production function B. The size of the labor force C. The real quantity of government purchases D. The spending and saving decisions of consumers
18	Which of the following is not a primary cause of business cycle fluctuations according to real business cycle theory.	A. A change in the production function B. A change in the size of the labor force C. A change in the money supply D. A change in the real quantity of government purchases
19	An IOU of the Federal Reserve Bank of Scan Francisco to Bank of America is called.	A. Discourse B. Federal funds C. Reserves D. Collateral
20	Total factor productivity growth is that part of economic growth due to.	A. Capital growth plus labor growth B. Capital growth less labor growth C. Capital growth times labor growth D. Neither capital growth nor labor growth
21	In the short run in the Keynesian model a sharp increase in oil prices would leave the economy with a ____ level of output and a ______ real interest rate.	A. Higher ; lower B. Lower ; Higher C. Higher ; higher
22	Monetary expansion can still be effective in getting out of liquidity trap if it's combined with.	A. Restrictions on bank loans B. Increased taxes C. Contractionary fiscal policy D. Expansionary fiscal policy
23	A situation in which expansionary in monetary policy has no effect on the economy is known as.	A. Macro economic stabilization B. A liquidity trap C. A depression D. Capital flight
24	The use of micro economics policies to smooth or moderate the business cycle is known as.	A. Aggregate demand management. B. Aggregate supply management C. Automatic stabilization D. Discretionary policy
25	The Keynesian theory is consistent with the business cycle fact that inflation is	A. Procyclical and leading B. Procyclical and lagging C. Countercyclical and leading D. All of these
26	According to Keynesians the primary source of business cycle fluctuation is.	A. Aggregate demand shocks B. Productivity shocks C. Oil price shocks D. Consumer confidence shocks
27	In the Keynesian model in the short run a decrease in government purchases causes output to _____ and the real interest rate to.	A. fall ; rise B. fall ; fall C. rise ; rise D. rise; fall
28	Using the Keynesian model the effect of a government imposed celling on interest rates paid on personal checking accounts that is lower than the current market interest rate would be to cause._ in the real interest rate and _ in input out in the short sun.	A. A decrease ; a decrease B. A decrease ; no change C. A decrease ; an increase D. An increase ; a decrease

		D. An increase ; a decrease
29	Using the Keynesian model , the effect of a decrease in the effective tax rate on capital would be to cause_____ in the real interest rate and __ in output in the long run.	A. An increase ; no change B. A decrease ; no change C. An increase ; an increase D. No change ; a decrease
30	Using the Keynesian model the effect of an increase in the effective tax rate on capital would be to cause __________ in the real interest rate and ______ in output in the short run.	A. A decrease ; a decrease B. A decrease ; no change C. No change ; a decrease D. An increase ; an increase