

PPSC Economics Full Book MCQ Test

Sr	Questions	Answers Choice
1	In the long run an increase in consumer spending would cause output to _____ and the price level to. _____	A. rise;rise B. rise; stay; constant C. stay constant ; stay constant D. Stay constant ; rise
2	In the short run an increase in export sales would cause output to _____ and the price level to.	A. Rise, rise B. Rise,; stay; constant C. Fall; rise D. fall; stay; constant
3	When plotted with the aggregate price level on the vertical axis and output on the horizontal axis, the long run aggregate supply curve.	A. slopes upward B. Sloped downward C. Is vertical D. Is horizontal
4	When plotted with the aggregate price level on the vertical axis and output on the horizontal axis which of the following curves is vertical.	A. SRAS B. AD C. LRAS D. None of the above
5	When plotted with the aggregate price level on the vertical axis and output on the horizontal axis, which of the following curves slopes downward.	A. SRAS B. AD C. LRAS D. None of the above
6	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.
7	The three main components of the aggregate demand aggregate supply model include.	A. AD, SRAS, LM B. SRAS, LRAS, IS C. AD, IS, LM D. AD, SRAS, LRAS
8	Wars new inventions, harvest failures, and change sin government policy are examples of.	A. The business cycle B. Economics models C. Shocks D. Opportunity costs
9	Which of the following macro economic variables doesn't vary much ove the seasons.	A. The nominal money stock B. The unemployment rate C. The real wage D. Average labor productivity
10	Which of the following macro economic variables is the most seasonally pro cyclical.	A. Expenditure on services B. The unemployment rate C. Expenditure on durable goods D. The real wage
11	Industries that are extremely sensitive to the business cycle are the.	A. Durable goods and service sectors B. Nondurable goods and service sectors. C. Capital goods and nondurable goods sectors. D. Capital goods and durable goods sectors.
12	Which of the following macroeconomic variables is procyclical and lags the business cycle.	A. Business fixed investment B. Emplyment C. Stock prices D. Nominal interest rates
13	Which of the following macro economics variables is a cyclical.	A. Real interest rates B. Unemployment C. Money supply D. Consumption
14	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. ...

		D. Unemployment
15	An economic variable that moves in the opposite direction as aggregate economic activity up in is called.	A. Pro cyclical B. Countercyclical C. A cyclical D. A leading variable
16	An economics variable that moves in the same direction as aggregate economic activity is called.	A. Countercyclical B. Procylical C. A cyclical D. A leading variable
17	Peaks and trough of the business cycle are known collectively as.	A. Volatility B. Turning points C. Equilibrium point D. Real business cycle events
18	When aggregate economic activity is declining , the economy is said to be in.	A. A contraction B. An expansion C. A trough D. A turning point
19	When aggregate economic activity increasing the economy is said to be in.	A. An expansion B. A contraction C. A peak D. A turning point
20	The low point in the business cycle is referred to as the	A. Expansion B. Boom C. Trough D. Peak
21	The through of a business cycle occurs when _____ hits its lowest point.	A. Inflation B. The money supply C. Aggregate economic activity D. The unemployment rate
22	Which of the following changes shifts the SRAS curve down.	A. An increase in the labor force B. An increase in the money supply C. A decrease in government purchases D. A decrease in firms costs
23	Which of the following changes shifts the long run aggregate supply curve to the right.	A. A demographic change that increases the labor supply B. A decrease in the demand for labor C. An increase in consumer confidence D. A decrease in taxes
24	Which of the following changes shifts the SRAS curve up.	A. Ani increases in the labor force B. A decrease in government purchases C. An increase in firms costs D. An increase in the money supply
25	The long run aggregate supply curve.	A. Is vertical B. Slopes upward C. Is horizontal D. Slopes downward
26	The long run aggregate supply curve	A. Is vertical B. slopes upward C. Is horizontal D. Slopes downward
27	The short run aggregate supply curve the absence of misperceptions.	A. Is vertical B. Slopes upward C. Is horizontal D. Slopes downward
28	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.
29	Which of the following changes shifts the AD curve down and to the left.	A. A temporary increase in government purchases. B. A rise in the nominal money supply C. A decrease in corporate taxes D. A decrease in consumer confidence
30	The aggregate demand curve	A. Is vertical B. Slopes upward C. Is horizontal

C. Is horizontal
D. Slopes downward