PPSC Economics Full Book MCQ Test

Sr	Questions	Answers Choice
1	Occupational immobility of labour occurs if.	A. People lack information B. People do not want to work C. People do not have the right skills to work D. People cannot afford to move location
2	If there is cyclical unemployment in the economy the government might.	A. Increase interest rates B. Encourage savings C. Cut taxes D. Reduce government spending
3	The natural rate of unemployment is likely to tall if	A. Unemployment benefits increase B. Income tax increases C. More training is available for the unemployed D. Geographical immobility increases
4	Supply side policies are most appropriate to cure.	A. Involuntary unemployment B. Cyclical unemployment C. Voluntary unemployment D. A fall in aggregate demand
5	If people are made unemployed because of a fall in aggregate demand this is known as.	A. Frictional unemployment B. Seasonal unemployment C. Cyclical unemployment D. Structural unemployment
6	A government might use tax to.	A. Discourage consumption of positive externalities B. Discourage consumption of public goods C. Discourage consumption of merit goods D. Discourage consumption of negative externalities
7	The goal of a pure market economy is to best meet the desires of.	A. Consumers B. Companies C. Workers D. The government
8	The marginal rate of tax paid is.	A. The total tax paid /total income B. Total income/total tax paid C. Change in the tax paid/change in income D. Change in income/change in tax paid
9	If there is a price celling which of the following is NOT likely to occur.	A. Rationing by first come first served B. Black markets C. Gray markets D. Sellers providing goods for free that were formerly not free
10	If the economy grows the government's budget position will automatically	A. Worsen B. Improve C. Stay the same D. Increase with inflaction
11	An expansionist fiscal policy could include	A. Lower interest rates B. Increased lending by the banks C. An increase in corporation tax D. An increase in discretionary government spending
12	The difference between gross investment and net investment is.	A. Depreciation B. Acceleration C. Deceleration D. Capital investment
13	If an increase in investment leads to a bigger increase in national income this is called the.	A. Accelerator B. Aggregate demand C. Monetarism D. Multiplier

14	Investment is an out stable element of aggregate demand because is depends heavily on.	A. Government policy B. Expectations C. National income D. Historic trends
15	Investment depend mainly on.	A. Past levels of income B. Future expected profits C. Present national income levels D. Historic data
16	The accelerator assumes.	A. The marginal propensity to consume is constant B. The economy is at full employment C. There is a constant relationship between net investment and the rate of change of output D. The multiplier is constant
17	An increase in interest rates.	A. Is likely to reduce savings B. Is likely to reduce the external value of the currency C. Leads to a shift in the MEC schedule D. Leads to a movement along the MEC schedule
18	An outward shift in the marginal efficacy of capital should.	A. Decrease consumption B. Increase aggregate demand C. Reduce aggregate supply D. Slow economic growth
19	An increase in investment is most likely to be caused by.	A. Lower interest rates B. Lower national income C. A decreasing the marginal propensity to consume D. An increase in with drywalls.
20	The marginal propensity to consume is equal to.	A. Total spending /total consumption B. total consumption/total income C. Change in consumption/change in income D. Change in consumption/change in savings
21	Friend man's theory of consumption focuses on	A. Past income B. Current income C. Disposable income D. Permanent income
22	Lower interest rates are likely to.	A. Decrease consumption B. Increase cost of borrowing C. Encourage saving D. Increase spending
23	An increase in consumption at any given level of income is likely to lead to.	A. a fall in savings B. An increase in exports C. A fall in taxation revenue D. A decrease in import spending
24	As income increases.	A. the average propensity to consume gets nearer in value to the marginal propensity to consume B. the average propensity to consume diverges in value from the marginal propensity to consume C. the average propensity to consume falls D. The averge propensity to consume always approaches 0
25	An increase in the marginal propensity to consume will	A. Increase the size of the multiplier B. Increase the marginal propensity to save C. Decrease national income D. Reduce injections into the economy
26	An increase in aggregate demand if aggregate supply is totally inelastic will.	A. Increase price but not output B. Increase output but not price C. Increase out put and price D. Decrease output and price
27	Increased levels of spending on imports	A. shift aggregate supply to the right B. Shift aggregate supply to the left C. Shift aggregate demand to the right D. Shift aggregate demand to the left

28	Increase un employment benefits and less incentive to work would.	A. Shift aggregate supply to the right B. Shift aggregate supply to the left C. Shift aggregate demand to the right D. Shift aggregate demand to the left
29	Improved training of employees would.	A. Shift aggregate supply to the right B. Shift aggregate supply to the left C. Shift aggregate demand to the right D. Shift aggregate demand to the left
30	Which of the following would decrease aggregate demand.	A. Increased consumption B. Increasing export revenue C. Increased taxation revenue D. Increased investment