PPSC Economics Full Book MCQ Test

Sr	Questions	Answers Choice
1	Which of the following is not likely to be a government objective.	A. Increasing employment B. Increasing economic growth C. Increasing government spending D. Increasing the level of exports
2	Which of the following is a possible government objective as opposed to a policy.	A. Lower interest rates B. Lower taxation rates C. Lower government spending D. Lower inflection
3	Which of the following is a policy instrument .as opposed to a government objective.	A. Lower interest rates B. A better balance of trade position C. Faster economic growth D. Lower un employment
4	Which of the following can the government not use directly to control the economy.	A. Pay rates within the privates sector B. Pay rates in the public sector C. Investment in education D. Benefits available for the un employed and sick
5	Which of the following is not a macro economic issue.	A. Unempolyment B. Inflaction C. The wages paid to footballers D. Economic growth
6	Which does the government not control directly.	A. Spending on health B. spending on defense C. Firm's investment decisions D. spending on education
7	Which of the following is not involved with fiscal policy.	A. Income tax B. National insurance C. VAT D. Interest rates
8	If employees cannot accept a job because of the costs of moving this is known as.	A. Occupational immobility B. Cyclical unemployment C. Structural immobility D. Geographical immobility
9	In a perfectly competitive labour market firms are wage takers and the marginal cost of labour equals.	A. the average cost of labour B. The marginal product C. The marginal revenue D. The total cost of labour
10	A profit maximizing firm will employ labour up to the point where.	A. Marginal revenue = Marginal product B. Margial cost = Marginal product C. Marginal revenue product = Average cost of labour D. Marginal revenue product = Marginal cost of labour
11	Demand for labour is more likely to be wage inelastic if.	A. Wages are a small proportion of total costs B. Demand for the final product is price elastic C. It is easy to replace labour D. Capital is a good substitute forlabour
12	The marginal Revenue product is.	A. Upward sloping due to the law of demand B. Upward sloping due to the law of marginal utility C. Downward sloping due to the law of diminishing returns. D. Downward sloping due to the law of supply
13	[illegible]	A. Will usually lead to more people employed B. Will decrease total earnings if the [illegible]

13	An increase in the wage rate.	demand for labour is wage elastic C. Is illegal in a free market D. Will cause a shift in the demand for labour
14	An independent assessment of the impact of firm's activities on society is called a.	A. Financial audit B. Balance sheet C. Profit and uses account D. Social audit
15	Companies in the private sector are owned by	A. The government B. Shareholders C. Employees D. The community
16	If the marginal revenue is positive	A. Selling another unit will increase total revenue B. Selling another unit will increase profits C. Selling another unit will increase cost D. Selling another unit will increase average revenue
17	Normal profit occurs when	A. Average revenue equals average variable cost B. Marginal revenue equals marginal cost C. Average revenue equals marginal cost D. Average revenue equals average cost
18	To be productively efficient a firm must produce where	A. Marginal costs are maximized B. Marginal costs are minimized C. Average costs are minimized D. Average revenue is maximized
19	To be allocatively efficient ta firm must produce where	A. the total cost equals demand B. the average revenue equals the marginal revenue C. The price equals the average cost D. The price equals the marginal cost
20	When marginal revenue equals marginal cost	A. Total revenue equal total cost B. There is the biggest positive difference between total revenue and total cost C. there is the biggest negative difference between total revenue and total cost. D. Profits are zero
21	Profit is measured by	A. Revenue - Fixed costs B. Fixed cost + revenue C. Revenue - sales D. Revenues - total costs
22	To maximize sales revenue a firm should produce where	A. Marginal cost is zero B. Marginal revenue is maximized C. Marginal revenue is zero D. Marginal revenue equals marginal cost
23	If firms join together to set prices and quantities this is known as what.	A. Interaction B. Conglomerate C. Collusion D. Integration
24	Unfair competition does not include	A. Price cutting B. predatory pricing C. Cartels D. Price fixing
25	Acquisition and merger are examples of.	A. Internal growth B. External growth C. Organic growth D. Underlying growth
26	Horizontal integration may lead to internal economics of scale. Which of the following is not a type of internal economy of scale.	A. Purchasing B. Technical C. Financial D. Safety
27	If one car company takes over another car company this is an example of which type of integration.	A. Vertical B. Horizontal C. Conglomerate D. Literal
		A. Demand is upward sloping

28	If the price elasticity is -0.3 this means.	A. Demand is upward sloping B. Demand is price elastic C. A price fall would increase revenue D. Demand is price inelastic
29	A benefit to consumers of price discrimination is that	A. Some products are produced that would not other wise be produced B. Producer surplus increases C. Consumer surplus decreases D. Firms profits increase
30	In perfect price discrimination	A. Consumer surplus is maximized B. Produce surplus is zero C. Community surplus is maximized D. Consumer surplus is zero