

PPSC Economics Full Book MCQ Test

Sr	Questions	Answers Choice
1	Economics given can be shown by	A. An inward shift of the production possibility frontier B. A movement down the production possibility frontier C. An outward shift of the production possibility frontier D. A movement up the production possibility frontier
2	If an economy is productively efficient.	A. Everyone is wealthy B. Resources are unemployed C. More of one product can only be produced if less of another product is produced. D. The distribution of income is equal
3	Which of the following is a normative statement in economics.	A. More spending by the government reduces poverty B. Higher taxes lead to less desire to work C. the UK Economy is growing fast relative to other European Union members D. The Government should concentrate on reducing unemployment
4	The public sector includes.	A. Investors owning companies B. Government ownership of assets C. Market forces of supply and demand D. All trade via barter
5	In a command economy	A. The price mechanism acts as an incentive B. Resources are allocated by market forces C. Individual firms make decisions for themselves about what to produce and how to produce it. D. The public sector is large
6	A mixed economy	A. Has supply but not demand B. Has demand but not supply C. Has supply and demand D. Has market forces and government intervention
7	The free market involves	A. The free provision of products B. The subsidizing of products by the government C. Market forces of supply and demand D. All trade via barter
8	The fundamental economic problem faced by all societies is.	A. Unemployment B. Inequality C. Poverty D. Scarcity
9	Revealed preference theory was presented by.	A. Samuelson B. Hicks C. Marshall D. RICARDO
10	Which of the following is not one of the basic economic questions.	A. What is produce B. Who to produce for C. How to produce D. How to maximize economic growth
11	The sacrifice involved when you choose a particular course of action is called the	A. Alternative B. Opportunity cost C. Consumer cost D. Producer cost

12	Human wants are	A. Always fixed B. Limited C. Unlimited D. Likely to decrease over time
13	Resources in an economy	A. Are always fixed B. Can never decrease C. Always increase over time D. Are limited at any moment in time
14	Ordinal measurement approach was not presented by	A. Allen B. Hicks C. Edge worth D. Robbins
15	Who advocates laissez fair.	A. Monetarists B. Classical C. Neo classical D. Modern
16	Market is called father of economics	A. Marshall B. Robbins C. Keynes D. Friedman
17	Profit making is basic motive in.	A. Socialism B. Mixed economy C. Communism D. Capitalism
18	In land intensive method which mean production is used comparativelymore	A. Labour B. Land C. Capital D. Organization
19	What does ceteris paribus mean.	A. "Scientific method" B. "Rational thinking" C. "Other things remaining the same" D. "There is no such thing as a free lunch"
20	What makes economics scientific.	A. It tests theories against observations and modifies the theories if needed. B. It uses numbers to measure things C. It involves the use of experiments D. It is a description of how thing work
21	If economics when we say that people are rational, we mean that they.	A. Never make mistakes B. Try to get what they desire as best they can, given the limitations they face. C. Logically figure out what to do D. Behave in a random unpredictable manner
22	A scarce good.	A. Does not exist B. Is a good that can only be purchased with money C. Is a good that can never be purchased with money D. Is a good that is available in limited quantities, but is desired in greater quantities.
23	Which of the following rights be a scarce good.	A. Love B. faith C. Self control D. All of above
24	Which kind economics deals with issues such as unemployment inflation, and economic growth.	A. Macro economics B. Micro economics C. Growth economics D. Political economics
25	Macro economics deals with	A. Only the decisions made by individuals and their results. B. Only the decisions made by businesses and their results. C. Mostly large scale decisions made by countries and governments, and their results. D. Only the decisions made by individuals but not the results.
		A. People are not guided by emotions when making decisions B. People who act in the way that best gets them what they want will tend to repeat that behavior, and will

26	Why does it make sense to assume that people are rational, if you want to predict their behavior.	tend to repeat that behavior, and will tend to learn from mistakes that they do make C. People never make mistakes, and tend to make the correct choices all of the time D. People always logically figure out what to do.
27	Economic theory assumes that people	A. Act in greedy and selfish ways, without regard for the welfare of others. B. Act without regard for their own interests. C. Are not motivated by self interest D. Are motivated by self interest but still might be concerned for the welfare of others.
28	In economics we often say that a particular event will occur "as long as other things stay the same." The condition that other things stay the same is also called.	A. Ceteris paribus B. Marginal decision making C. Incentives D. Secondary effects
29	Can economic theories be tested.	A. No since individuals will seldom respond in predictable ways B. Yes, since all individuals respond in the same ways to the same situation. C. No, since the general behavior of a large number of individuals cannot be predicated D. Yes, since people will, on average, respond in predictable ways to changes in costs and benefits.
30	What does the phrase "there is no such thing as a free lunch" mean?	A. Individuals must always pay money for the food they eat. B. No restaurant owner will provide food to patrons unless they pay her C. Restaurant owners act selfishly D. Consumption of any good requires that other goods be given up