PPSC Economics Full Book MCQ Test

Sr	Questions	Answers Choice
1	The allocation of resources is not efficient it	A. The marginal cost of production does not equal society marginal benefit B. The distribution is inequitable C. Economic growth is low D. Unemployment is high
2	A competitive equilibrium is Pareto efficient because.	A. Producers are price takers B. Consumers and producer's face the same prices C. Marginal costs and benefits are equal D. All of the above
3	We cannot say whether one allocation of resources is better than another allocation because.	A. some people cant count B. Some people may not be permanent residents C. Not all economic activity is legal D. We cant make value judgements to compare different people welfare.
4	An allocation is Pareto efficient if no reallocation of resources would make some people_______ whiteout making others	A. Worse off, worse off B. better off, better off C. better off, worse off D. equal , unequal
5	Moral Hazard means that the act of insuring __________ that the desired outcome will occur.	A. Reduces the likelihood B. Increase the likelihood C. Guarantees D. None of the above
6	Land will be allocated between competing uses so that.	A. Housing gets priority B. Industry gets priority C. Faming gets priority D. The equilibrium rental rate equilibrium total demand with supply
7	In the short run, the supply of capital is _______ and in the long run iwll depend on.	A. Variable technology B. Fixed, expectations C. Fixed, rental rate of capital D. Variable, interest rates.
8	The value of an asset depends upon	A. Its scrap value B. Its depreciation C. The present value of the failure stream of income it can earn. D. the cost of loans
9	The cost of using capital services is the	A. wage rate of capital B. Interest charges C. Marginal capital cost D. Rental rate for capital
10	Efficiency wages are_______ that raise	A. Low wages , employment B. High wages, labor supply C. High wages, productivity D. High wages, employment
11	In the UK in recent years, union membership has ______ and days of work lost because of strikes has.	A. Grown, declined B. declined, declined C. declined, grown D. grown , grown
12	Women and non whiles on average receive lower comes than white men because.	A. They tend to work in relatively unskilled jobs B. Educational disadvantage C. Firms are reluctant to invest in training D. All of the above
13	In the UK under a _________ of the labour force belong to a trade union.	A. Quarter B. Third C. Half D. Three quarters

14	By restricting labour supply a trade union can _________ and_______	A. Increase the wage, increase employment B. Maintain the wage, increase employment C. Increase the wage lower employment D. Maintain the wage, lower employment
15	The opportunity cost of acquiring education is.	A. Course fees B. Course fees and living expenses C. The earning foregone D. Course fees, living expenses and textbooks
16	Skilled labour is relatively scarce because.	A. There are too few teachers B. Too few student places in higher education C. It is costly to acquire human capital D. Teachers salaries are too low
17	The most important source of wage differentiate are.	A. Reginal variation B. Unionization C. Relative danger D. Skills
18	Human capital can be described as.	A. The tools used by workers to entrances productivity B. a persons inherited abilities. C. The stock of expertise accumulated by a worker D. Education
19	Top footballers land to earn more than lecturers because.	A. Footballers give more entertainment B. Lecturers are lazy C. The labour markets are imperfect D. Top footballers are relatively scarce in relation to lecturers
20	The participation rate in the labour force is affected by	A. Higher real wages B. Lower fixed costs of working C. Lower non labor income D. All of the above
21	A profit maximizing firm will hire labor until _______ equal the	A. Marginal revenue, marginal cost B. Long run marginal revenue, long run marginal cost C. Labour output ratio, capital output ratio D. Marginal cost of labour, marginal revenue product
22	A dominant strategy is.	A. A winning strategy B. A losing strategy C. A players best strategy when moving fist D. a player's best strategy whatever the strategies adopted by rivals
23	In Nash equilibrium each player chooses the best strategy.	A. Assuming other players move first. B. Dominated by the other players C. Given the strategies of other players D. That is a credible threat
24	The prisoners Dilemma Game demonstrates that.	A. Players are better off to act independently B. Monopoly is better than competition C. People will always cheat D. Players are better off if they con operate
25	When a market is contestable , incumbent firms must._________ to avoid the entry of new competitors.	A. Behave like competitive firms B. Agree to act together C. Differentiate their products D. Practice price discrimination
26	A natural monopoly has a declining ________ over a large range of output.	A. Long run marginal cost B. Short run marginal cost C. Long run average cost D. Long run marginal cost
27	All of the following are types of imperfect competition except	A. Monopolistic competition B. Oligopoly C. Monopoly D. Unfair competition

28	A monopoly may be self perpetuating because profits may be used for	A. research B. Cost saving C. Technical advance D. All of the above
29	Perfect price discrimination means that every customer.	A. Buys the same amount B. Pays the same price C. Pays what she thinks the product is worth D. Contributes the same revenue.
30	Comparing a monopoly and a competitive firm the monopolist will.	A. Produce less at a lower price B. Produce more at a lower price C. Produce less at a higher price D. Produce less at a lower price