PPSC Economics Full Book MCQ Test

Sr	Questions	Answers Choice
1	A change in the full employment quantity of labor__________ the short run aggregate supply curve and _______ the long run aggregate supply curve.	A. shifts ; shifts B. shifts ; does not shift C. does not shift ; shift D. does not shift ; does not shift
2	Which of the following is most likely to benefit a debtor.	A. Un anticipated deflation B. Anticipated deflation C. Unanticipated inflation D. anticipated inflation
3	In the cost of slugger rises and slugger is major ingredient in jelly beans then the jelly bean.	A. Demand curve shifts to the left B. Supply curve shifts to the left C. Supply curve shifts to the right D. Demand and supply curves both shift to the right
4	an more labor is added to a fixed amount of input the rate at which output goes up begins to decrease This is called.	A. Diminishing marginal utility B. Diminishing marginal productivity C. Diminishing marginal costs D. Diminishing marginal profit
5	A politician proposes reducing business taxes, a move she says will encourage risk taking entrepreneurship This proposed cut in business taxes is intended to stimulate the economy mainly though.	A. An increase in aggregate supply<hr id="null"> B. A decrease in aggregate supply C. A decrease in aggregate demand D. An increase in aggregate demand
6	In the circular flow diagram firms.	A. Receive revenue and supply resources in the resource market B. Incur costs and demand resources in the resource market. C. Receive revenue and demand resources in the product market. D. Incur costs and supply goods and services in the product market.
7	Which of the following would most likely shift the production possibilities curve for a nation outward.	A. A reduction in unemployment B. An increases in the production of capital goods C. A reduction in discrimination D. An increase in the production of consumer goods
8	An economy that has achieved full production has achieved	A. Both allocative and productive efficiency B. Allocative but not productive efficiency C. Productive but not allocative efficiency D. Neither allocative nor productive efficiency
9	If the Federal Reserve wishes to increase the money supply it should.	A. Raise the reserve requirement B. Raise the discount rate C. Buy Treasury securities in the open market D. All of the above
10	The monetary base is composed of.	A. Gold and silver B. Currency and reserves C. Currency only D. Currency and checkable deposits
11	Which of the followings is NOT component of M-2	A. Small time deposits B. Money market mutual funds C. Stocks D. Checkable deposits
12	Which of the following is a component of M1.	A. Saving deposit B. Credit card C. Checkable deposit D. Gold
13	Which of the following IS a function of money.	A. Medium of exchange B. Store of value

		C. Unit of accounting D. All of the above
14	Which of the following is automatic stabilizer.	A. Unemployment benefits B. Spending on education C. Defense spending D. Net interest
15	According the Keynes when the great depression started , the government should have.	A. Done nothing B. Decreased the money supply C. Had a large increase in government spending. D. Enacted high tariffs, such as the smoot Hawley tariff
16	Disposable incomes is equal to.	A. National income Minus taxes B. Real GDP C. National income Minus taxes D. National income Minus Taxes plus transfers
17	The nominal interest rate is 5% and the inflation rate is 2% the real interest rate is.	A. 2% B. 3% C. 7% D. 4%
18	"Treating an individual as typical of a group.	A. Pure discrimination B. statistical discrimination C. Human capital D. Specific skills
19	Skills that cna be transferred to other employers are called.	A. General skills B. Specific skills C. Non pecuniary skills D. All of the above
20	Which of the following the most elastic demand the extra revenue a firm receives from the services of an additional unit of a factor of production.	A. Total revenue B. Marginal physical product C. Marginal revenues product D. Marginal revenue.
21	In order of practice price discrimination which of the following is needed.	A. Some degree of monopoly power B. An ability to separate the market C. An ability to prevent reselling D. All of the above
22	Compared to the case of perfect competition.	A. Monopolist is more likely to B. Charge a higher price C. Produce a lower quantity of the product D. All of the above
23	In order to maximize profits a monopoly company will produce that quantity at which the	A. A marginal revenue equals average total cost B. Price equals marginal revenue C. Marginal revue equals marginal cost D. Total revenue equals total cost
24	Why is the law of diminishing marginal returns ture.	A. Specialization and division of labor B. Spreading the average fixed cost C. Limited capital D. All factors being variable in the long run
25	The nation, that, following currency depreciation, the balance of trade falls for a while before increasing is called a _________ effect.	A. Relative price B. Elasticity C. J- Curve D. Pass through
26	In a market system, sellers act in ____________ interest, but thsi leads to behaviors in ___________ interest.	A. Self, self B. Self, society's C. Society's' , society's D. society's, self
27	In a pure market economy which of the following is a function of the price. i - provide information to sellers and buyers ii- Provide incentives to sellers and buyers	A. I only B. ii Only C. both i and ii D. Neither i nor ii
28	The goal of a pure market economy is to best meet the desires of	A. Consumers B. Companies C. Workers D. The government
29	If there is a prices 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
30	If there is a price celling, there will be.	A. Shortages B. surpluses C. Equilibrium D. None of these