

**A**

**1 A lump-sum tax is imposed**

- A) when monopolists and oligopolists are earning excessive profits
- B) when government is running a budget deficit
- C) when monopolists have financial problems
- D) when economic growth is above 10%
- E) when there is full employment

**2 Which of the following is a merit good?**

- A) Radio transmission
- B) Street lighting
- C) Police force
- D) Defence
- E) Health care

**3 Net National Product is calculated by:**

- A) GNP plus Government expenditure on goods and services
- B) GNP plus Depreciation of the capital stock
- C) GNP minus Depreciation of the capital stock
- D) GNP plus GDP
- E) GNP minus Government expenditure on goods and services

**A**

**4 Which one of the following is true about the required reserve ratio?**

- A) Commercial banks have to hold a minimum ratio of their deposits in bonds and gold
- B) Commercial banks have to hold a minimum ratio of their deposits in foreign currency
- C) Commercial banks have to hold a minimum ratio of cash reserves to their deposits
- D) Commercial banks can only sell a minimum percentage of their bank shares in the stock market
- E) Commercial banks have to lend a minimum ratio of their deposits to the borrowers

**5 The revenue that the government receives by issuing money is called .....**

- A) Hedging
- B) Securitization
- C) Seignorage
- D) Inflation
- E) Indirect Taxation

**6 What is a merit good?**

- A) A good where there are significant benefits to those firms which produce it
- B) A good that the government considers people will buy too little of it if it is provided by market forces
- C) A good where the social costs of consumption exceed the private costs of consumption
- D) A good that is both non-excludable and non-rival
- E) Harmful products for society

**A**

**7 ..... Curve shows the relationship between tax rates and tax revenue.**

- A) Phillips
- B) Marginal Benefit
- C) Marginal Income
- D) Laffer
- E) Yield

**8 In the United Kingdom, consumer price index is known as:**

- A) Regular Price Index
- B) Real Price Index
- C) Relative Price Index
- D) Reported Price Index
- E) Retail Price Index

**9 What is the aim of competition policy?**

- A) To increase economic efficiency
- B) To reduce competitive pressures
- C) To reduce consumer sovereignty
- D) To increase market power
- E) To reduce inflation

**10 A currency that is used by other countries to denominate the assets they hold as international reserves is known as .....**

- A) Paper money
- B) Foreign Currency
- C) Coins
- D) Bonds
- E) Reserve Currency

**A**

**11 What is meant by consumer sovereignty?**

- A) Consumers are able to satisfy all their wants
- B) Products are sold at low prices
- C) Consumers have the power to ensure that firms do not deplete non-renewable resources
- D) The preferences of consumers determine the allocation of resources
- E) All of the above

**12 Which of the following is an example of an expansionary fiscal policy measure?**

- A) A reduction in interest rates
- B) A reduction in excise duties
- C) An increase in the money supply
- D) An increase in the budget surplus
- E) A reduction on social security payments

**13 Which of the following is an instrument of monetary policy?**

- A) Tariffs
- B) The money supply
- C) Value added tax
- D) Quotas
- E) Income tax

**A**

- 14 What does a downward sloping straight line production possibility curve indicate?**
- A) People value both products equally
  - B) The opportunity cost of one product in terms of the other is constant
  - C) Efficiency declines as output increases
  - D) The opportunity cost of one type of product in terms of the other increases by constant amounts
  - E) The opportunity cost of one type of product in terms of the other decreases by constant amounts
- 15 Which of the following can give rise to monopoly power?**
- A) The entry of new firms into the industry
  - B) Low transport costs
  - C) A patent
  - D) Diseconomies of scale
  - E) None of the above
- 16 According to Fisher Hypothesis, one percent increase in ....., will be accompanied by one percent increase in .....**
- A) Inflation - imports
  - B) Inflation - unemployment
  - C) Unemployment - imports
  - D) Inflation - interest rates
  - E) Unemployment - interest rates

**A**

- 17 Which of the following is not part of aggregate demand?**
- A) Consumption
  - B) Government spending
  - C) Net exports
  - D) Investment
  - E) Net income
- 18 LM curve is a ..... curve relating .....**
- A) Downward - Interest rate to output
  - B) Upward - Interest rate to output
  - C) Upward - Interest rate to unemployment
  - D) Upward -Interest rate to inflation
  - E) Downward -Interest rate to inflation
- 19 Which one of the following is the Lender of Last Resort?**
- A) The Local Bank Having Highest Profit
  - B) Stock Exchange
  - C) Central Bank
  - D) Ministry of Finance
  - E) Foreign Exchange Market
- 20 The book "The General Theory of Employment, Interest and Money" is written by:**
- A) John Maynard Keynes
  - B) Adam Smith
  - C) Karl Marx
  - D) David Ricardo
  - E) Pigou

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A

**21 Shop assistants are made redundant as a result of the country entering a recession. This is an example of:**

- A) cyclical unemployment
- B) frictional unemployment
- C) structural unemployment
- D) search unemployment
- E) seasonal unemployment

**22 Crowding out is ..... in private demand for consumption and investment caused by ..... in government spending**

- A) The increase - the increase
- B) The increase - the reduction
- C) The reduction - the reduction
- D) The reduction - the increase
- E) The increase - no change

**23 Which of the following would be likely to result in an increase in a country's output?**

- A) An ageing population
- B) A decrease in aggregate demand
- C) Soil erosion
- D) Net emigration
- E) Net investment

**24 Which of the following is most likely to result in a firm being able to benefit from external economies of scale?**

- A) Diversification into a wider range of products
- B) An increase in its output
- C) Locating in the same area as other firms in the industry
- D) Introduction of more capital-intensive methods of production
- E) Employing specialist sales staff

**25 What is economics the study of?**

- A) The operation of domestic economy
- B) The allocation of limited resources to satisfy unlimited wants
- C) Government expenditure
- D) The management of personal services
- E) Fiscal policy

**26 What do the weights in the retail price index indicate?**

- A) Seasonal fluctuations in prices
- B) The rise in the prices
- C) The relative amount spent on each product
- D) The number of people buying each product
- E) The increase in the size of the population

**A**

- 27 Which one of the following cause LM curve to shift?**
- A) Changes in Autonomous Consumer Expenditure
  - B) Changes in the Taxes
  - C) Changes in Investment Spending Unrelated to the Interest Rate
  - D) Changes in Government Spending
  - E) Changes in the Money Supply
- 28 Steelworkers are made redundant as a result of the closure of steelworks. This is an example of:**
- A) Voluntary unemployment
  - B) Structural unemployment
  - C) Frictional unemployment
  - D) Cyclical unemployment
  - E) Seasonal unemployment
- 29 What is the main cause of frictional unemployment?**
- A) Technological change
  - B) Structural change
  - C) Change in climate
  - D) Lack of demand
  - E) Lack of information
- 30 ..... is the purchase of new capital goods by firms.**
- A) Saving
  - B) Externality
  - C) Value Added
  - D) Inventory
  - E) Investment

**A**

- 31 Why might a firm decide to move away from division of labour?**
- A) To reduce training given to workers
  - B) To reduce labour flexibility
  - C) To reduce labour turnover
  - D) To increase specialisation of workers
  - E) To increase interdependence among workers
- 32 ..... arise when one person's willingness to pay for a good depends on the number of other users of that good.**
- A) Network Externality
  - B) Switching Cost
  - C) Pareto Improvement
  - D) Free Rider Problem
  - E) Adverse Selection
- 33 A group of countries or firms which collude to fix output and price in order to increase profits make up a:**
- A) corporation
  - B) holding
  - C) cartel
  - D) company
  - E) commodity
- 34 Which of the following is a free good?**
- A) State education
  - B) A promotional gift given away by a company
  - C) Wind which drives a windmill
  - D) Dental treatment for children
  - E) Government health services

**A**

**35 A(n) ..... is the sole and potential supplier of a good or service.**

- A) Duopolist
- B) Oligopolist
- C) Capitalist
- D) Monopsonist
- E) Monopolist

**36 Which of the following combinations of products are in joint supply?**

- A) Lamb and wool
- B) DVDs and DVD players
- C) Fish and chips
- D) Paper and pens
- E) Pen and ink

**37 Which one of the following is not correct about the token money?**

- A) It is a store of value
- B) It can be used instead of swapping goods for other goods
- C) It's purchasing power doesn't exceed it's production cost
- D) It is a medium of exchange
- E) It makes trade more efficient

**A**

**38 In a perfectly competitive market, the demand curve of the competitive firm is .....**

- A) Vertical to x-axis
- B) Horizontal to x-axis
- C) Inward bending
- D) Outward bending
- E) Can't be determined

**39 When is total revenue maximised?**

- A) When marginal revenue is zero
- B) When average revenue equals average cost
- C) When marginal revenue is negative
- D) When sales are maximised
- E) When marginal revenue is positive

**40 At the point where the linear demand curve is closest to price axis, what can be said about elasticity?**

- A) 0.5
- B) 0
- C) Between 0-1
- D) 1
- E) High

**41 A measure of the responsiveness of demand for one product to a change in the price of another product is called:**

- A) price elasticity of demand
- B) unit elasticity of demand
- C) income elasticity of demand
- D) cross elasticity of demand
- E) price elasticity of supply

**A**

**42 According to monetarists, ..... is the only important cause of shifts in the aggregate demand curve.**

- A) Net Exports
- B) Taxes
- C) Government Spending
- D) Money Supply
- E) Consumer Optimism

**43 Which of the following is a supply-side policy?**

- A) An increase in interest rates
- B) A cut in interest rates
- C) An increase in money supply
- D) An increase in income tax
- E) An increase in government grants for retraining

**44 What does a production possibility curve show?**

- A) The quantity of capital and labour available
- B) The combinations of two products which give people equal satisfaction
- C) The relationship between the resources devoted to the production of two types of products
- D) The right proportion by which land and labour is combined
- E) The maximum possible output of one type of product for any output of a second type, given existing technology and resources

**A**

**45 When average cost is increasing:**

- A) Marginal cost must be greater than average cost
- B) Average cost must be greater than marginal cost
- C) Average cost must equal marginal cost
- D) Marginal cost must be falling
- E) None of the above

**46 Regarding the Production Possibility Frontier, which one of the following is correct?**

- A) It is efficient to produce on the frontier
- B) Points inside the frontier are not attainable
- C) Points outside the frontier are attainable
- D) It is efficient to produce within the frontier
- E) It is not efficient to produce on the frontier

**47 Which one of the following is the most efficient monetary policy tool?**

- A) Taxation
- B) Open market operations
- C) Government spending
- D) Required reserve ratio
- E) Credit control of private banks

**48 In banking, acquiring funds at low costs is known as.....**

- A) Asset Management
- B) Capital Adequacy Management
- C) Liquidity Management
- D) Liability Management
- E) Interest Rate Risk

**A**

**49 Which of the following is most likely to make demand for a product elastic?**

- A) The product is viewed as a necessity
- B) The product is habit forming
- C) People spend a low proportion of their income on the product
- D) There are a number of close substitutes for the product
- E) The product is widely defined

**50 What is the main cost to society of unemployment?**

- A) Lower tax rates
- B) Reduced burden on government
- C) Lost output
- D) Lower productivity
- E) Inflation

**51 According to classical model, a change in the nominal money supply leads an equivalent percentage change in .....**

- A) Real money supply
- B) Nominal wages
- C) Real wages
- D) Output
- E) Employment

**A**

**52 Which of the following is a reason for the EU setting a minimum price for agricultural products?**

- A) To encourage farmers to produce corn
- B) To redistribute income from farmers to taxpayers
- C) To promote a low price of agricultural products
- D) To reduce surpluses of agricultural products
- E) To ensure a reasonable income for farmers

**53 Changes in the rate of interest are an instrument of:**

- A) Supply-side policy
- B) Monetary policy
- C) Regional policy
- D) Fiscal policy
- E) Income policy

**54 Which of the following is an entrepreneur?**

- A) A self-employed cleaner
- B) A police officer
- C) A teacher
- D) A sales assistant
- E) A tax officer

**55 Which one of the following is not the responsibility of the Central Bank?**

- A) Issuing new bonds
- B) Managing the outstanding stock of government debt
- C) Replacing old Bonds
- D) Printing Money
- E) Implementing the governments fiscal policy



**A**

**56 The allocatively efficient output occurs where:**

- A) average social cost equals average social benefit
- B) total social cost equals total social benefit
- C) marginal social cost equals marginal social benefit
- D) total social cost exceeds total social benefit
- E) total social benefit exceeds total social cost

**57 When a producer charges different customers different prices, this is called .....**

- A) Price Substitution
- B) Price Separation
- C) Price Discrimination
- D) Price Equalization
- E) Price Reduction

**58 What is real GDP?**

- A) Nominal GDP divided by the labour force
- B) Nominal GDP divided by the inflation rate
- C) Nominal GDP divided by the price index in the current year
- D) Nominal GDP divided by the population
- E) Nominal GDP multiplied by the price index in the base year divided by the price index in the current year

**59 The ability to produce a good with fewer resources than another country is:**

- A) asymmetric efficiency
- B) absolute advantage
- C) allocative efficiency
- D) adverse advantage
- E) coase's theory

**A**

**60 There are economies of scale, if long run average costs ....., as output rises.**

- A) Increase
- B) Decrease
- C) Vary
- D) Stay constant
- E) None of above

**TEST BİTTİ**  
**CEVAPLARINIZI KONTROL EDİNİZ**