

For Solved Visit **VU Answer**

ECO401 Final Term Papers By Waqar (File 6)

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Question No : 1 of 60 Marks: 1 (Budgeted Time 1 Min)

Price floor results in:

Answer (Please select your correct option)

- Excess supply.
- All of the given options.
- Equilibrium.
- Excess demand.

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Question No : 2 of 60 Marks: 1 (Budgeted Time 1 Min)

The numerical measurement of a consumer's preference is called:

Answer (Please select your correct option)

- Satisfaction.
- Use.
- Pleasure.
- Utility.

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Question No : 3 of 60 Marks: 1 (Budgeted Time 1 Min)

Which of the following can be thought of as a barrier to entry?

Answer (Please select your correct option)

- Scale economies.
- Patents.
- Strategic actions by incumbent firms.
- All of the given options.

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Question No : 4 of 60 Marks: 1 (Budgeted Time 1 Min)

If the cross price elasticity of demand between two goods X and Y is positive; it means that goods are:

Answer (Please select your correct option)

- Independent.
- Complements.
- Substitutes.
- Inferior.

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Question No : 5 of 60 Marks: 1 (Budgeted Time 1 Min)

The aggregate supply curve is the relationship between:

Answer (Please select your correct option)

- The price level and the real domestic output purchased.
- The price level and the real domestic output produced.
- The price level which producers are willing to accept and the price level purchasers are willing to pay.
- The real domestic output purchased and the real domestic output produced.

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Question No : 6 of 60 Marks: 1 (Budgeted Time 1 Min)

Real Gross Domestic Product (GDP) is measured:

Answer (Please select your correct option)

- At base year prices.
- At current year prices.
- At a constant output level but at current prices.
- As the difference between the current year's GDP and last year's GDP.

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Question No : 7 of 60 Marks: 1 (Budgeted Time 1 Min)

The slope of the consumption function (or line) is the:

Answer (Please select your correct option)

- Average propensity to save.
- Average propensity to consume.
- Marginal propensity to save.
- Marginal propensity to consume.

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Question No : 8 of 60 Marks: 1 (Budgeted Time 1 Min)

An exchange rate system in which central banks are always ready to buy and sell their currencies at predetermined prices is called:

Answer (Please select your correct option)

- A flexible exchange rate system.
- A managed exchange rate system.
- A fixed exchange rate system.
- None of the given options.

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Question No : 9 of 60 Marks: 1 (Budgeted Time 1 Min)

Real GDP is equal to:

Answer (Please select your correct option)

- Nominal GDP - Inflation.
- Nominal GDP + Inflation.
- Nominal GDP/ Inflation.
- Inflation / Nominal GDP.

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Question No : 10 of 60 Marks: 1 (Budgeted Time 1 Min)

M1 component of money supply consists of:

Answer (Please select your correct option)

- Paper currency and coins.
- Paper currency, coins and check writing deposits.
- Paper currency, coins, check writing deposits and savings deposits.
- Paper currency, coins, check writing deposits, savings deposits and certificates of deposits.

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Question No : 11 of 60 Marks: 1 (Budgeted Time 1 Min)

All of the following conditions lead to the successful operation of a cartel EXCEPT:

Answer (Please select your correct option)

- Market demand for the good is relatively inelastic.
- The cartel supplies all of the world's output of the good.
- Cartel members have substantial cost advantages over non-member producers.
- The supply of non-cartel members is very price elastic.

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Question No : 12 of 60 Marks: 1 (Budgeted Time 1 Min)

"Decreases in aggregate demand decrease real output but leave the price level largely unaffected". This is the point of view of which of the following schools of thought?

Answer (Please select your correct option)

- Monetarist school of thought.
- New Classical school of thought.
- Real business cycle school of thought.
- Keynesian school of thought.

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Question No : 13 of 60 Marks: 1 (Budgeted Time 1 Min)

How an economist will define the exchange rate between two currencies?

Answer (Please select your correct option)

- It is the amount of one currency that must be paid in order to obtain one unit of another currency.
- It is the difference between total exports and total imports within a country.
- It is the price at which the sales and purchases of foreign goods takes place.
- It is the ratio of import prices to export prices for a particular country.

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Question No : 14 of 60 Marks: 1 (Budgeted Time 1 Min)

Which of the following best describes the "Capital widening"?

Answer (Please select your correct option)

- More capital per unit of labour.
- More capital and more labour but with the same amount of capital per unit of labour.
- Increasing the usage of existing capital.
- Importing capital from the developed world.

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Question No : 15 of 60 Marks: 1 (Budgeted Time 1 Min)

Public education creates:

Answer (Please select your correct option)

- Asymmetric information.
- External costs.
- Internal costs.
- External benefits.

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Question No : 16 of 60 Marks: 1 (Budgeted Time 1 Min)

A graph that depicts the relationship between the total quantity of goods and services demanded and the price level is known as:

Answer (Please select your correct option)

- Aggregate demand curve.
- Average price level.
- Circular flow model.
- GDP curve.

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Question No : 17 of 60 Marks: 1 (Budgeted Time 1 Min)

The long run in macroeconomic analysis is a period:

Answer (Please select your correct option)

- In which wages and some other prices are sticky.
- In which full wage and price flexibility and market adjustment have been achieved.
- Greater than 12 months.
- In which the capital stock is held constant.

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Question No : 18 of 60 Marks: 1 (Budgeted Time 1 Min)

In the long run, the price level is determined by:

Answer (Please select your correct option)

- Aggregate demand.
- Aggregate supply.
- The government.
- Money supply.

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Question No : 19 of 60 Marks: 1 (Budgeted Time 1 Min)

The Keynesian revolution in macroeconomics was that:

Answer (Please select your correct option)

- Capitalist economies were self-correcting.
- A gold standard was not necessary to control inflation.
- Unemployment can be viewed as being voluntary.
- Government has a role in maintaining full employment.

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Question No : 20 of 60 Marks: 1 (Budgeted Time 1 Min)

Which of the following is equal to the number of people unemployed?

Answer (Please select your correct option)

- The number of people employed minus the labor force.
- The labor force plus the number of people employed.
- The number of people employed divided by the labor force.
- The labor force minus the number of people employed.

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Question No : 21 of 60 Marks: 1 (Budgeted Time 1 Min)

Structural unemployment occurs:

Answer (Please select your correct option)

- With economic fluctuations; it increases during bad times and decreases during good times.
- Because of a mismatch between the jobs that are available in the economy and the skills of workers seeking jobs.
- Naturally during the normal workings of an economy, as people change jobs, move across the country, etc.
- Because the government labels some people who aren't really in the labor force as unemployed.

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Question No : 22 of 60 Marks: 1 (Budgeted Time 1 Min)

To determine whether an economy's output is growing or shrinking, one must keep track of:

Answer (Please select your correct option)

- Changes in the general price level.
- Changes in real GDP.
- Changes in nominal GDP.
- Changes in the growth rate of nominal GDP.

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Question No : 23 of 60 Marks: 1 (Budgeted Time 1 Min)

The price elasticity of supply for most products differs due to capacity constraints. Which of the following is TRUE in this context?

Answer (Please select your correct option)

- It is same in the long run and the short run.
- It is greater in the long run than in the short run.
- It is greater in the short run than in the long run.
- It is too uncertain to be estimated.

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Question No : 24 of 60 Marks: 1 (Budgeted Time 1 Min)

Which of the following is TRUE for a Giffen good?

Answer (Please select your correct option)

- Its marginal utility is zero.
- Its demand curve is perfectly elastic.
- Its substitution effect is positive.
- Its demand curve is positively sloped.

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Question No : 25 of 60 Marks: 1 (Budgeted Time 1 Min)

An increase in quantity demand is shown by:

Answer (Please select your correct option)

- Shifting the demand curve to the left.
- Shifting the demand curve to the right.
- Upward movement along the demand curve.
- Downward movement along the demand curve.

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Question No : 26 of 60 Marks: 1 (Budgeted Time 1 Min)

The average annual income per head for all the inhabitants of the country is known as:

Answer (Please select your correct option)

- Gross domestic product.
- Gross national product.
- Net national product.
- Per capita income.

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Question No : 27 of 60 Marks: 1 (Budgeted Time 1 Min)

The principle which states that a change in income causes a magnified change in investment is termed as the:

Answer (Please select your correct option)

- Paradox of thrift.
- Multiplier effect.
- Accelerator effect.
- None of the given.

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Question No : 28 of 60 Marks: 1 (Budgeted Time 1 Min)

A higher discount rate causes banks' voluntary reserve ratio to:

Answer (Please select your correct option)

- Increase.
- Decrease.
- remain unaffected.
- None of the given options.

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Question No : 29 of 60 Marks: 1 (Budgeted Time 1 Min)

The demand for money to meet any urgent or unexpected expenditure is called:

Answer (Please select your correct option)

- Transactions demand for money.
- Precautionary demand for money.
- Speculative demand for money.
- None of the given options.

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Question No : 30 of 60 Marks: 1 (Budgeted Time 1 Min)

If the exchange rate is fixed, expansionary fiscal policy would not have any:

Answer (Please select your correct option)

- Investment multiplier effect.
- Crowding out effects.
- Government spending effect .
- None of the given options.

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Question No : 31 of 60 Marks: 1 (Budgeted Time 1 Min)

	Rice (Bags)	Cotton (Bushels)
A	0	30
B	1	28
C	2	24
D	3	18

Answer (Please select your correct option)

- 2 bushels of cotton.
- 4 bushels of cotton.
- 6 bushels of cotton.
- 8 bushels of cotton.

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Question No : 32 of 60 Marks: 1 (Budgeted Time 1 Min)

Answer (Please select your correct option)

- Can be obtained, but would cost too much.
- Cannot be attained given the level of technology and the factors of production available.
- Has no meaning since it does not relate to the preferences of consumers.
- Is attainable but would increase unemployment.

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Question No : 33 of 60 Marks: 1 (Budgeted Time 1 Min)

Sugar can be produced from sugar beets. If the price of sugar beets falls, which of the following will happen?

Answer (Please select your correct option)

- The demand curve for sugar would shift right.
- The demand curve for sugar would shift left.
- The supply curve for sugar would shift right.
- The supply curve for sugar would shift left.

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Question No : 34 of 60 Marks: 1 (Budgeted Time 1 Min)

What is meant by the term utility?

Answer (Please select your correct option)

- Useless.
- Require.
- Necessary.
- Satisfaction.

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Question No : 35 of 60 Marks: 1 (Budgeted Time 1 Min)

Units	Total Utility
0	0
1	20
2	35
3	45
4	50

Answer (Please select your correct option)

- 35.
- 15.
- 10.
- 5.

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Question No : 36 of 60 Marks: 1 (Budgeted Time 1 Min)

"Each firm produces an identical product and there is freedom of entry and exit". This is TRUE for which of the following market structures?

Answer (Please select your correct option)

- For monopoly
- For oligopoly
- For perfect competition
- For monopolistic competition

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Question No : 37 of 60 Marks: 1 (Budgeted Time 1 Min)

Number of Total product:
Workers

0	0
1	5
2	15
3	30
4	40

Answer (Please select your correct option)

5.

9.

10.

12.

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Question No : 38 of 60 Marks: 1 (Budgeted Time 1 Min)

Price and cost

Answer (Please select your correct option)

Q.

R.

S.

T.

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Question No : 39 of 60 Marks: 1 (Budgeted Time 1 Min)

Answer (Please select your correct option)

- Price level = P_1 ; real GDP = Y_p .
- Price level = P_1 ; real GDP = Y_1 .
- Price level = P_2 ; real GDP = Y_2 .
- Price level = P_3 ; real GDP = Y_p .

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Question No : 40 of 60 Marks: 1 (Budgeted Time 1 Min)

Which of the following is NOT a stock variable?

Answer (Please select your correct option)

- Government debt.
- Capital.
- The amount of money held by the public.
- Inventory investment.

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Question No : 41 of 60 Marks: 1 (Budgeted Time 1 Min)

Which of the following is the component of total national investment?

Answer (Please select your correct option)

- Gross domestic fixed capital formation.
- Change in stocks.
- Export less imports.
- All of the given options.

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Question No : 42 of 60 Marks: 1 (Budgeted Time 1 Min)

During periods of poor economic performance, real Gross Domestic Product (GDP):

Answer (Please select your correct option)

- Declines but unemployment typically does not change.
- Declines and unemployment rises sharply.
- Is unchanged but unemployment rises sharply.
- Declines and unemployment rises moderately.

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Question No : 43 of 60 Marks: 1 (Budgeted Time 1 Min)

Which of the following economists came up with a theory regarding the tradeoff between unemployment and inflation?

Answer (Please select your correct option)

- A.W. Phillips
- John Maynard Keynes
- Joseph Schumpeter
- Milton Friedman

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Question No : 44 of 60 Marks: 1 (Budgeted Time 1 Min)

Suppose that an economy experiences an increase in the unemployment rate and a decline in the inflation rate simultaneously. This situation would be consistent with a movement along a:

Answer (Please select your correct option)

- Vertical Phillips curve.
- Horizontal Phillips curve.
- Positively sloped Phillips curve.
- Negatively sloped Phillips curve.

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Question No : 45 of 60 Marks: 1 (Budgeted Time 1 Min)

Which of the following will happen by a reduction in net exports all other things being equal?

Answer (Please select your correct option)

- It will result in a movement up along the aggregate demand curve.
- It will reduce aggregate supply.
- It will reduce aggregate demand.
- It will not change aggregate demand or aggregate supply in the domestic economy.

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Question No : 46 of 60 Marks: 1 (Budgeted Time 1 Min)

Potential Gross Domestic Product (GDP) measures the economy's ability to produce goods and services in which of the following conditions?

Answer (Please select your correct option)

- If labor force is fully employed.
- If price level is stable.
- If trade balance is zero.
- If federal budget is balanced.

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Question No : 47 of 60 Marks: 1 (Budgeted Time 1 Min)

Which of the following is a necessary condition for the high rate of modern economic growth?

Answer (Please select your correct option)

- Continuous technology progress
- High rate of population growth
- Development of urban centers
- Expansion of railways

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Question No : 48 of 60 Marks: 1 (Budgeted Time 1 Min)

"Government collects zero revenue if the tax rate is 0% and if the tax rate is 100%." Which of the following best describes this statement?

Answer (Please select your correct option)

- Consumption curve
- Supply curve
- Laffer curve
- Investment curve

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Question No : 49 of 60 Marks: 1 (Budgeted Time 1 Min)

The money multiplier is the reverse of:

Answer (Please select your correct option)

- Legal reserves.
- Excess reserves.
- Checkable deposits.
- Reserve ratio.

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Question No : 50 of 60 Marks: 1 (Budgeted Time 1 Min)

How an economy will be affected if money supply is increased in the country?

Answer (Please select your correct option)

- Interest rate increases, investment and GDP reduces.
- Interest rate increases, investment increases and GDP reduces.
- Interest rate reduces, investment and GDP increases.
- Interest rate reduces, investment and GDP reduces.

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Question No : 51 of 60 Marks: 1 (Budgeted Time 1 Min)

Which of the following is the equilibrium condition in goods market?

Answer (Please select your correct option)

- Aggregate demand = Aggregate supply
- Aggregate demand = $C + I + G + NX$
- Investment = Savings
- All of the given conditions

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Question No : 52 of 60 Marks: 1 (Budgeted Time 1 Min)

Which of the following is an important feature of modern economic growth?

Answer (Please select your correct option)

- Substantial rise in product per capita.
- Increased productivity per unit of labor input.
- Increasing use of modern scientific knowledge.
- All of the given options.

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Question No : 53 of 60 Marks: 3 (Budgeted Time 6 Min)

Discuss the concept of accelerator in your own words.

Answer (Please click here to Add Answer)

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Question No : 54 of 60 Marks: 3 (Budgeted Time 6 Min)

It is said that growth is an important macroeconomic issue. Why? Discuss.

Answer (Please click here to Add Answer)

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Question No : 55 of 60 Marks: 3 (Budgeted Time 6 Min)

Why an increase in the rate of money growth increases the level of output?

Answer (Please click here to Add Answer)

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Question No : 56 of 60 Marks: 5 (Budgeted Time 10 Min)

Briefly discuss marginal private cost of advertising the goods by a company and how can we calculate its marginal social cost?

Answer (Please click here to Add Answer)

Start Time: 1:15 AM
118:00
Time Left

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Question No : 57 of 60 Marks: 5 (Budgeted Time 10 Min)

"People hold money for speculation purposes". Discuss.

Answer (Please click here to Add Answer)

Start Time: 1:15 AM
118:00
Time Left

57

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Question No : 58 of 60 Marks: 5 (Budgeted Time 10 Min)

Differentiate between frictional unemployment and structural unemployment.

Answer (Please click here to Add Answer)

Start Time: 1:15 AM
118:00
Time Left

58

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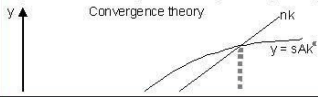
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Question No : 59 of 60 Marks: 5 (Budgeted Time 10 Min)

Explain the convergence theory in the given graph.



Answer (Please click here to Add Answer)

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59

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Question No : 60 of 60 Marks: 5 (Budgeted Time 10 Min)

Distinguish between collusive oligopoly and non collusive oligopoly.

Answer (Please click here to Add Answer)

Start Time: 1:15 AM
118:00
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60

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