

Subject Area: Economics

Level: CSEC

Curriculum Topic: CSEC Economics **Revision Multiple Choice**

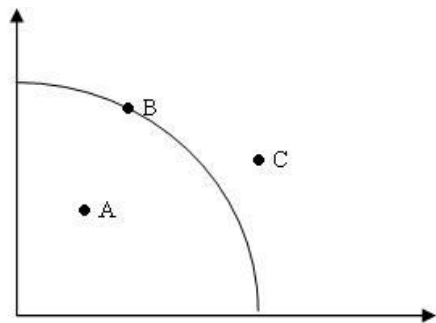
<u>Syllabus:</u>	<u>Quantity</u>
Section 1:	3
Section 2:	1
Section 3:	6
Section 4:	2
Section 5:	4
Section 6:	2
Section 7:	2
Section 8:	0

Key teaching points:

1. Preparation for examinations
2. Revision of Sections 1-7

REVISION EXERCISE
MULTIPLE CHOICE QUESTIONS

1. Shawn sells his produce at the market and saves his money until he has enough to buy a tractor. Which of the following functions is money performing in this case.
(Section 5: Obj 3)
(A) Store of value (B) Unit of account
(C) Medium of exchange (D) Standard of deferred payment
2. Which of the following is true regarding the production possibilities frontier (PPF) presented below? (Section 1: Obj 6)



- (A) Point A represents an attainable combination.
- (B) Point C represents an inefficient combination.
- (C) Point B represents opportunity cost.
- (D) Point A represents an efficient combination.

3. An economy may operate outside the Production Possibility Frontier if: (Section 1: Obj 6)
 - (A) it is using up all its resources efficiently.
 - (B) it is trading with other countries.
 - (C) it is a command economy.
 - (D) if it is not using all its resources efficiently.
4. As resources are shifted from one industry to another on a PPF, this can be shown by: (Section 1: Obj 6)
 - (A) An inward shift of the PPF.
 - (B) An outward shift of the PPF.
 - (C) A movement along the PPF.
 - (D) A pivot of the PPF to the right.
5. The Government has decided to give a subsidy to chicken farmers. As a result of the granting of the subsidy it is expected that (Section 3: Obj 8)
 - (A) supply of chickens will increase
 - (B) supply of chickens will decrease
 - (C) demand for chickens will decrease
 - (D) price of chicken will increase
6. The Government has decided to impose an indirect tax on beef. As a result of the tax, it is expected that (Section 3: Obj 8)
 - (A) demand curve for beef will shift to the right
 - (B) demand curve for beef will shift to the left
 - (C) supply curve for beef will shift to the left
 - (D) supply curve for beef will shift to the right.
7. Which of the following features is NOT a characteristic of perfect competition? (Section 4: Obj 2)
 - (A) Freedom of entry and exit
 - (B) Selling of differentiated products
 - (C) Many buyers and many sellers
 - (D) Perfect knowledge of market conditions
8. According to economic theory, dumping of waste in rivers is an example of a (Section 4: Obj 6)
 - (A) private good
 - (B) merit good
 - (C) negative externality
 - (D) positive externality
9. Which of the following is MOST likely to occur if there is an increase in the demand for laptops? (Section 3: Obj 8)
 - (A) The price of laptops will fall.
 - (B) The price of laptops will rise.
 - (C) The supply of laptops will fall.
 - (D) The price and supply of laptops will remain the same.

10. Which of the following BEST defines 'real national income'? (Section 6: Obj 8)
- (A) The current value of output produced in a given year.
 - (B) The money value of national income.
 - (C) National income less depreciation.
 - (D) National income adjusted for inflation.
11. Which of the following national financial institutions only provides services to assist a specific industry? (Section 5: Obj 6)
- (A) Commercial Bank
 - (B) Development Bank
 - (C) Credit union
 - (D) Insurance company
12. A Treasury bond is a long-term financial instrument issued by: (Section 5: Obj 7)
- (A) Insurance companies
 - (B) Public companies
 - (C) Governments
 - (D) Cooperatives
13. The ability to carry an asset on you easily to conduct transactions is known as: (Section 5: Obj 3)
- (A) Liquidity
 - (B) Divisibility
 - (C) Homogeneity
 - (D) Portability
14. Which of the following international institutions main purpose is to eliminate trade barriers among countries? (Section 7: Obj 1)
- (A) International Monetary Fund
 - (B) World Trade Organization
 - (C) World Health Organization
 - (D) World Bank
15. Large firms benefit from employing sophisticated pieces of machinery. This is as a result of which of the following economies of scale? (Section 2, Obj 13)
- (A) Technical
 - (B) Financial
 - (C) Commercial
 - (D) Risk-bearing
16. As a result of a world-wide health issue, individuals are worried about travelling abroad. What is the most likely effect on the demand for air-travel? (Section 3: Obj 7)
- (A) A contraction of demand
 - (B) An extension of demand
 - (C) A decrease in demand
 - (D) An increase in demand.

17. Due to Scientific research which advises that consumption of a certain brand of dog food is unsafe for dogs, what is the most likely effect on the market for dog food?
(Section 3: Obj 7)
- (A) A fall in demand for all dog food
 - (B) A fall in prices of dog food
 - (C) A rise in demand for alternative brands of dog food
 - (D) A rise in price of the named brand of pet food.
18. As a result of government regulations to stay-at-home for health and safety concerns, which of the following is most likely to happen in the market for restaurant meals?
(Section 3: Obj 7)
- (A) A decline in consumption of ALL food by households.
 - (B) A rise in innovative methods of supplying meals by restaurants.
 - (C) An increase in profits of all restaurants.
 - (D) A rise in number of new restaurants entering the industry.
19. Country W experienced a decline in tourist arrivals for the year. Which of the following will be recorded in the country's Balance of Payments Account? (Section 7: Obj 3)
- (A) A debit in visible exports.
 - (B) A credit in invisible exports
 - (C) A debit in invisible exports
 - (D) A debit in capital inflows.
20. An increase in government's borrowing to finance additional expenditure on welfare and unemployment grants is most likely to result in: (Section 6: Obj 2)
- (A) A Balance of Payments deficit
 - (B) A Balance of Payments surplus
 - (C) A Budget Deficit
 - (D) No change in the Budget.

ANSWER KEY

1	A
2	A
3	B
4	C
5	A
6	C
7	B
8	C
9	B
10	D
11	B
12	C
13	D
14	B
15	A
16	C
17	C
18	B
19	C
20	C