

PPSC Economics Topic 10 Most Frequently Asked Economics MCQS

Sr	Questions	Answers Choice
1	The asset market approach a more helpful in explaining.	A. why excahnge rates remain quite stable B. Why governments change their money supplies. C. Long term exchange rate movement. D. Short term exchange rate movement.
2	Which of the following is a component of M1.	A. Saving deposit B. Credit card C. Checkable deposit D. Gold
3	The earliest statement of the principle of comparative advantage is associated with.	A. Adam Smith B. David Ricardo C. Eli Heckshcer D. Berti Ohlin
4	Since 1960 the rage of economic growth in the country has been	A. On the decline continuously B. Increasing continuously C. increasing occasionally. D. Static in real terms
5	International trade is based on the idea that.	A. Exports should exceed imports B. Imports a should exceed exports C. Resources are more mobile internationally than are goods D. Resources are less mobile internationally than are goods.
6	A _____ is an example of a quota where foreigners hold quota licenses.	A. Export quota B. Embargo C. Auction quota D. Tariff quota
7	In a "Lorenz curve diagram absolute equality in income distribution would appear as.	A. A curved line well bowed out from the diagonal B. A curved line close to the diagonal C. A right angled line D. A diagonal line
8	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
9	The monetary base is composed of.	A. Gold and silver B. Currency and reserves C. Currency only D. Currency and checkable deposits
10	In pure competition.	A. Strong rivald exist B. Cartels are formed C. Both a and b D. None of thes
11	Those who argue in favor of import protection generally give the impression that such restricted trade will	A. Decrease the level of national security B. Provide benefits to some particular industry C. Provides benefits to the entire nation D. Not yield welfare losses for the nation
12	In 25 years Pakistan's Per capital income	A. More than doubled B. Less than doubled C. Did not show more than 70% increase D. None of the above
		A. Income less taxes B. Income less taxes

13	Disposable income is.	B. Income less direct taxes C. income less indirect taxes D. All of these
14	Through the world government tend o auction quota license to their highest bidder.	A. Always B. Often C. Seldom D. Never
15	If the coefficient of price elasticity is less than one	A. It is normal good B. It is inferior good C. It is luxury good D. All of these
16	Which of the following products will have an elastic demand.	A. Flour B. Cloth C. Honda city D. None of these
17	A decrease in lump sum taxes is an examples of.	A. Contractionary fiscal policy B. Expansionary fiscal policy C. A change in induced taxes D. A and c
18	the theory of overlapping demands predicts that trade in manufactured goods is unimportant by countries with very different .	A. Tastes and preferences. B. Expectations of future interest rate levels C. Per capita income levels D. Labor productivities.
19	International trade during the 19th century was characterized by.	A. Extensive barriers to trade B. Operation of the gold standard C. A small volume of international trade D. None of these
20	Your checking account is	A. An asset for you and a liability for your bank B. A liability for you and an asset for your bank C. An asset for both you and your bank D. A liability for both you and your bank