

PPSC Economics Chapter 10 Most Frequently Asked Economics MCQS

Sr	Questions	Answers Choice
1	In the classical model of Ricardo the direction of trade is determined by.	A. Absolute advantage B. Comparative advantage C. Physical advantage D. Which way the wind blows
2	In autarky when a community maximizes its standard of living its production point is.	A. Below the production possibility frontier B. On the production possibility frontier C. Above the production possibility frontier D. Can't tell without more information.
3	Which of the followings is NOT component of M-2	A. Small time deposits B. Money market mutual funds C. Stocks D. Checkable deposits
4	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%
5	Non tariff trade barriers could include all of the following except	A. Domestic content laws B. Government procurement policies. C. Health , safety and environmental standards D. Antidumping /countervailing duties applied to imports
6	Which industrialization policy have developing countries used which places emphasis on the comparative advantage principle as argued to resource allocation.	A. Export promotion B. Import substitution C. International commodity agreements D. Multilateral contracts
7	A firm's monopolistic position is strengthened by	A. low elasticity of demand for its product B. High elasticity of demand for its product C. Constant elasticity of demand D. None of the above
8	Which of the following is most likely to benefit a debtor.	A. Unanticipated deflation B. Anticipated deflation C. Unanticipated inflation D. anticipated inflation
9	Of the following which one is a characteristic of monopolistic competition.	A. Standardized product B. Comparatively easy only C. Little non price competition D. None of these
10	Suppose that the domestic government allows a specific number of goods to be imported each year but it does not specify from where the product is shipped or who is permitted to import such a trade barrier is known as	A. an import tariff B. A tariff rate quota C. A selective quota D. A global quota
11	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
12	Indirect taxes are	A. Direct taxes - subsidies B. Subsidies C. Sales taxes D. Income taxes
13	The funds used for further investment in joint stock company refers to.	A. Distributed B. Undistributed C. Remaining D. All of the above

A. On the decline continuously

14	Since 1960 the rate of economic growth in the country has been	B. Increasing continuously C. increasing occasionally. D. Static in real terms
15	Suppose that the supply curve of lin is highly inelastic if the demand curve of lin decreases and increases cyclically along the supply curve of lin then in this market the size of the quantity fluctuations will be _____ the size of the price fluctuations.	A. Relatively greater than B. Relatively less than C. the same as D. Any of the above
16	According to the cost based definition of dumping dumping occurs when a firm sets a product abroad at a price that is less than	A. Average total cost B. Average variable cost C. Average fixed cost D. Marginal cost
17	The arrangement where goods imported from trading partners in the developing world are subject to lower tariff rates than goods from other countries is referred to as.	A. Normal trade relation status. B. Most favored nation status C. Generalized system of Preferences. D. Offshore assembly provisions
18	International trade is based on the idea that.	A. Exports should exceed imports B. Imports should exceed exports C. Resources are more mobile internationally than are goods D. Resources are less mobile internationally than are goods.
19	A market is in equilibrium when	A. $AC = P$ B. $MC = MR$ C. $AC = AR$ D. $TC = TR$
20	In the short run an increase in the quantity of money _____ real GDP and _____ the price level.	A. increases ; raises B. does not change ; lowers C. decreases ; raises D. decrease ; lowers
21	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
22	Public utilities tend to be	A. Inefficient B. Natural monopolies C. subject to increasing costs D. None of these
23	Health of a country's economy is indicated by	A. Number of doctors per 1,000 population B. Per capita income C. Literacy rate D. None of the above
24	Ad valorem tariffs are collected as	A. Fixed amounts of money per unit traded B. A percentage of the price of the product C. A percentage of the quantity of imports D. All of the above
25	A tax 15 percent per imported item would be an example of a	A. Ad valorem tariff B. specific tariff C. Effective tariff D. Compound tariff
26	Import substitution is an example of.	A. The principle of comparative advantage B. The principle of absolute advantage C. An outward looking growth strategy D. An inward looking growth strategy
27	The form of dumping that represents the greatest potential net welfare loss for the importing nation is.	A. Predatory dumping B. Sporadic dumping C. Persistent dumping D. Year end dumping
28	International trade in goods and services is sometimes used as a substitute for all of the following except.	A. International movements of capital B. International movement of labor C. International movement of technology D. Domestic production of different goods and services

29	The locus of equilibrium of consumers due to changes in price of a commodity is known as.	A. Price consumption curve B. Income consumption curve C. Producing possibility curve D. None of these
30	In the home country government grants a subsidy of a domestically produced good domestic producers tend to.	A. Capture the entire subsidy in the form of higher profits B. Increase their level of production C. Reduce wages paid to domestic workers D. Consider the subsidy as an increase in production cost
31	Indifference curves shows various combinations of.	A. One commodity B. Two C. Three D. All of these
32	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
33	Starting from a position where the nation's money demand equals the money supply and its balance of payments is in equilibrium, economic theory suggests that the nation's balance of payments would move into a surplus position if there occurred in the nation a.	A. Decrease in the money supply B. Increase in the money supply C. Decrease in the money demand D. any of the above
34	Monopoly market is characterized by	A. A large number of sellers B. Only one seller C. Thousand of seller D. All of these
35	During the 1980's empirical evidence indicates that.	A. Poverty re emerged in Pakistan B. Good growth brought down poverty in Pakistan. C. Poverty situation showed no change D. None of the above
36	The impact and incidence of sales tax is	A. On the consumer B. On the seller C. On the producer D. None of these
37	If saving rate is 12.0% , ICOR value is 3% and population Rate is 2.0% then the Growth Rate would be.	A. 2.0% B. 3.65 C. 4.0% D. 6.0%
38	A firm can fund an investment from its own sources, the opportunity cost of its investment is	A. Less than zero B. Zero C. More than zero D. Neither
39	If there is a price floor there will be	A. Shortages B. Surpluses C. Equilibrium D. None of these
40	Saving means	A. Part of income for investment B. Income for borrowing C. Non consumption of income in the current period D. None of the above
41	The central bank of a country plays a significant role in her macroeconomics performance by regulating the.	A. Money supply B. Supply credit C. Interest rate D. All of these
42	The effect of the most favored nation clause is to	A. Eliminate all tariffs between countries. B. Increase all tariff rates between countries C. Maintain a nondiscriminatory structure of tariffs D. Maintain a discriminatory structure of tariffs.
43	A tax of 20 cents per unit of imported cheese would be an example of a	A. Compound tariff B. Effective tariff C. Ad valorem tariff D. Specific tariff
		A. Open market operations B. Changing reserve ratios of

44	An important policy instrument to influence commercial banks is.	commercial banks C. Moral persuasion D. None of the above
45	Price controls are	A. Necessary for consumer's welfares B. A must to check inflation C. Doomed to fall D. None of these
46	Which of the following is often considered to be inconsistent with the notion of perfect competition.	A. Large number of firms B. Free entry C. Complete mobility D. None of these
47	Which of the following type of taxes is the most regressive.	A. Income taxes B. Sales taxes C. Excise taxes D. None of these
48	Skills that can be transferred to other employers are called.	A. General skills B. Specific skills C. Non pecuniary skills D. All of the above
49	A supply schedule shows the relations between the quantity supplied of a commodity over a given time and.	A. Factor prices B. Technology C. Both a and b D. The price of the commodity
50	A specification of a maximum amount of a foreign produced good that will be allowed to enter the country over a given time period is referred to as a	A. Domestic subsidy B. Export subsidy C. Import quota D. Export quota
51	According to the wealth effect, an increase in the price level _____ real wealth and _____ consumption expenditure.	A. Increase, Increases. B. Increases ; decreases C. decreases ; increases D. decreases ; decreases
52	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 through.	A. An increase in aggregate supply B. A decrease in aggregate supply C. A decrease in aggregate demand D. An increase in aggregate demand
53	Devaluation leads to.	A. Increase in imports B. Increase in exports C. Decline in imports D. None of the above
54	Disposable income is equal to.	A. National income Minus taxes B. Real GDP C. National income Minus taxes D. National income Minus Taxes plus transfers
55	In oligopoly market seller are.	A. Few B. Four C. Some D. A large number
56	Similar to import tariffs, import quotas tend to result in.	A. Higher prices and reduced imports B. Increased government revenue C. Increased consumer surplus D. Decrease producer surplus
57	The relationship between the exchange rate and the prices of tradable goods is known as the.	A. Purchasing power parity theory B. Asset markets theory C. Monetary theory D. Balance of payments theory
58	Currency speculations are _____ if speculators bet against market forces that cause exchange rate fluctuations, thus moderating such fluctuations.	A. Destabilizing B. Stabilizing C. Inflationary D. Deflationary
59	The Heckscher Ohlin model rules out the classical model's basis for trade by assuming that _____ is identical between countries.	A. Factor endowments B. Factor intensities C. Technology D. Opportunity costs
60	All economic models are based on	A. Realistic assumptions B. Assumptions which can never be perfectly realistic C. Unrealistic assumptions D. None of the above

A. GDP = GNP
B. GDP > GNP

61	National Income account of Pakistan have registered GDP & GNP as.	B. GDP & GNP C. GDP & GNP D. GDP / GNP
62	If there is a price ceiling, there will be.	A. Shortages B. surpluses C. Equilibrium D. None of these
63	The % change in quantity demanded due to % change in incomes.	A. Price elasticity B. Prices cross elasticity C. Income elasticity D. All of these
64	In a market system, sellers act in _____ interest, but this leads to behaviors in _____ interest.	A. Self, self B. Self, society's C. Society's, society's D. society's, self
65	The agricultural price support program is an example of.	A. A price ceiling B. A price floor C. Equilibrium pricing D. None of these
66	The earliest statement of the principle of comparative advantage is associated with.	A. Adam Smith B. David Ricardo C. Eli Hecksher D. Bertil Ohlin
67	Which of the following would most likely shift the production possibilities curve for a nation outward.	A. A reduction in unemployment B. An increase in the production of capital goods C. A reduction in discrimination D. An increase in the production of consumer goods
68	That the division of labor is limited by the size of the market best applies to which explanation of trade.	A. Factor endowment theory B. Product life cycle theory C. Economies of scale theory D. Overlapping demand theory
69	Industrial policies intended to foster comparative advantage for domestic industries could result in the implementation of.	A. Research and development subsidies B. Loan guarantees C. Low interest rate loans D. All of the above
70	A depreciation of the dollar will have its most pronounced impact on imports if the demand for imports is.	A. Constant B. Inelastic C. Elastic D. Unitary elastic
71	According to 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
72	Increases in minimum wage	A. Helps in controlling unemployment B. Increases unemployment C. Reduce wage bill D. None of these
73	The supply of foreign currency tends to be	A. upward sloping B. downward sloping C. Vertical D. any of the above
74	The production function will be affected by changes in the prices of.	A. Inputs B. Outputs C. Neither D. All of the above
75	A straight line downward sloping demand curve implies that as price falls the elasticity of demand.	A. Increases B. Decreases C. Remain the same D. None of these
76	The type of business in which an individual has unlimited responsibility for the debts of the organization.	A. Partnership B. Corporation C. Monopoly D. None of these
77	If there is a price ceiling, 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

78	Through the world government tend o auction quota license to their highest bidder.	A. Always B. Often C. Seldom D. Never
79	John Stuart Mill was the founder of the	A. Theory of reciprocal demand B. Theory of absolute advantage C. Theory of comparative advantage D. Theory of mercantilism
80	Absolute advantage is determined by.,	A. Actual difference in labor productivity between countries. B. Relative difference in labor productivity between countries. C. Both a and b D. neither a and b
81	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
82	If an economy experience an increase in productivity it means that.	A. the level of output has risen B. Employees are working harder than before C. Output per unit of input has risen D. Technical change has taken place
83	The overall Budget Deficit is financed from	A. External borrowing B. Non bank borrowing domestically C. Bank borrowing plus the above two at a and b D. None of the above
84	If the % change in quantity demanded is more than % change in price coefficient of price elasticity is.	A. >1 B. <1 C. =1 D. =zero
85	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
86	Which of the following is a component of M1.	A. Saving deposit B. Credit card C. Checkable deposit D. Gold
87	The law of demand states that	A. As the quantity demanded rises, the price rises B. As the price rustiest he quantity demined rises C. As the price rises, the quantity demanded falls D. As supply rise, the demand rises
88	A purely monetary explanation of the business cycle is proposed by	A. Hawtrey B. Schumpeter C. Hansen D. None of these
89	The goal of a pure market economy is to best meet the desires of	A. Consumers B. Companies C. Workers D. The government
90	Equilibrium price is a price at which	A. Quantity demanded is equal to quantity supplied B. Quantity demanded minus quantity supplied is zero C. quantity demanded = quantity supplied D. All of these
91	The overall Budget Deficit is financed from	A. External borrowing B. Non bank borrowing domestically C. Bank borrowing plus the above two at a and b D. None of the above
92	According to the crowding out effect, a there is a government deficit, the real interest rate will._____ and investment will_____	A. rise ; rise B. fall ; rise C. rise ; fall D. fall ; fall

A. A would likely exports s to B

93	If the autarky price of S were lower in country A than in country B, then if trade were allowed.	B. A would likely import s from B C. Neither country would want to trade D. None of the above
94	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
95	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
96	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
97	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
98	Which of the following products will have an elastic demand.	A. Flour B. Cloth C. Honda city D. None of these
99	_____ represents the difference between what consumers have to pay for a product and what they are willing and able to pay.	A. Producer surplus B. Deadweight surplus C. Government surplus D. Consumer surplus
100	There is positive relationship between multiplier and.	A. Marginal propensity to consume B. Marginal propensity to save C. Marginal efficiency of capital D. all of these
101	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.
102	If a small country imposes a tariff on an imported good its terms of trade will	A. Improve B. Worsen C. Not change D. any of the above
103	Which provides the best explanation of the failure of many poor countries to experience economic growth as rapid as the rich countries..	A. Classical growth theory B. Neoclassical growth theory C. New growth theory D. Market failure
104	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
105	Expansion in money supply stems from.	A. Increasing the cost of bank credit B. Reducing availability of bank credit C. Reducing the financial cost of bank credit D. None of above
106	A demand curve shows the relation between the quantity demanded to a commodity over a given time and.	A. the testes of consumer B. The money income of cosumer C. The price of related commodities D. The price of the commodity
107	Which of the following NOT a source of economic growth.	A. Investment in new capitals B. Labor productivity C. Investment in human capital D. Technology advances
108	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 returns

		D. Diminishing marginal profit
109	An increasingly higher marginal income tax is	A. Progressive B. Regressive C. Proportional D. Both b and c
110	Personal income is obtained by adding which items to national income	A. Govt. transfer payments B. Business transfer payments C. Both a and b D. None of these
111	The central economic problem in an economy refers to.	A. The prevalence of unemployment B. To allocate scarce resources between competing uses. C. Consumers having less money than they would like D. ensure that production costs are converted by sales revenue.
112	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.
113	If tastes are identical between countries than comparative advantage is determined by	A. Supply conditions only B. Demand conditions only C. Supply and demand conditions D. Can't tell without more information.
114	The "balance trade" is a record of.	A. Exports and imports of financial assets B. The current account plus capital account C. The export of goods and services. D. the value of merchandise exports minus imports
115	All economic model ae based on	A. Realistic assumptions B. Assumptions which can never be perfectly realistic C. Unrealistic assumptions D. None of the above
116	If in market the seller is changing different prices for the same commodity from different consumers it is known as.	A. Price discrimination B. efficient selling C. Profit maxi miser in Monopoly D. all of these
117	Direct investment and security purchase are classified as.	A. Capital account transactions B. Current account transactions C. Unilateral transfer transactions D. Merchandise trade transactions
118	Which of the following is likely ot be longer for monetary policy that for fiscal policy.	A. The implementation lag B. The recognition log C. Both a and b D. None of these
119	The overall Budget Deficit is financed from	A. External borrowing B. Non bank borrowing domestically C. Bank borrowing plus the above two at a and b D. None of the above
120	Guid up of foreign exchange reserves leads to.	A. Decrease in money supply B. increase in money supply C. contraction in money supply D. None of the above
121	The monetary base is composed of.	A. Gold and silver B. Currency and reserves C. Currency only D. Currency and checkable deposits
122	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
123	According to factor price equalization theorem the _____ factor should oppose free trade policies in any given country.	A. Abundant B. Scarce C. Neither D. Can't tell without more information
124	Riskless transactions to take advantage of profit opportunities due to a price differential or a yield differential in excess of transaction costs are called	A. deferential actions B. Cash transactions, C. Arbitrage

	yield differential in excess of transaction costs are called	<p>C. Arbitrage</p> <p>D. Forward transactions</p>
125	Most commonly referred indicator of inflation is	<p>A. Wholesale price index</p> <p>B. Retail price index</p> <p>C. Consumer price index</p> <p>D. Sensitivity price index</p>
126	The overall Budget Deficit is financed from	<p>A. External borrowing</p> <p>B. Non bank borrowing domestically</p> <p>C. Bank borrowing plus the above two at a and b</p> <p>D. None of the above</p>
127	The fundamental economics problem faced by all societies is	<p>A. Un employment</p> <p>B. In equality</p> <p>C. Poverty</p> <p>D. Scarcity</p>
128	If the coefficient of income elasticity is negative.	<p>A. Inferior good</p> <p>B. Normal good</p> <p>C. Luxury good</p> <p>D. All of these</p>
129	Unemployment Rate is a percentage relation with reference is.	<p>A. Total population</p> <p>B. Civilian labour force</p> <p>C. Employed persons</p> <p>D. Unemployed persons</p>
130	International trade during the 19th century was characterized by.	<p>A. Extensive barriers to trade</p> <p>B. Operation of the gold standard</p> <p>C. A small volume of international trade</p> <p>D. None of these</p>
131	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	<p>A. I only</p> <p>B. ii Only</p> <p>C. both i and ii</p> <p>D. Neither i nor ii</p>
132	When unintended investment is positive	<p>A. Output tends to rise</p> <p>B. Output tends to fall</p> <p>C. Output is in equilibrium</p> <p>D. None of these</p>
133	The larger the required reserve ratio the.	<p>A. Smaller is the deposit multiplier</p> <p>B. Larger is the deposit multiplier</p> <p>C. Larger is the amount of total deposits that can be created from a new deposit</p> <p>D. Larger is the amount of total money that can be created from a withdrawal</p>
134	Quotas are government imposed limits on the _____ of goods trade between countries.	<p>A. Prices</p> <p>B. Quantity</p> <p>C. Revenue</p> <p>D. Costs</p>
135	a nation with a current account deficit will be	<p>A. Lending more money to other nations</p> <p>B. Experiencing a surplus in exports of goods and services.</p> <p>C. Reducing its indebtedness to other nations</p> <p>D. Going further into debt with other nations</p>
136	A tariff can _____ raise a country's welfare.	<p>A. Sometimes</p> <p>B. Never</p> <p>C. Always</p> <p>D. None of these</p>
137	In pure competition.	<p>A. Strong rivals exist</p> <p>B. Cartels are formed</p> <p>C. Both a and b</p> <p>D. None of these</p>
138	During the last eight years the per capita income in Pakistan has been	<p>A. Increasing substantially because of decline in population growth</p> <p>B. Decreasing</p> <p>C. increasing only marginally</p> <p>D. Constant</p>
139	Negative taxation refers to.	<p>A. Tax rebate</p> <p>B. Subsidies</p> <p>C. Tax evasion</p> <p>D. Tax avoidance</p>

140	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
141	In the theory of the firm profit maximization is always synonymous with.	A. Profitability B. Economic profit making C. maximization of the sales revenue D. None of these
142	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
143	Which of the following is a stock variable.	A. Gross private domestic investment B. Personal savings C. Both a and b D. None of these
144	The overall Budget Deficit is financed from	A. External borrowing B. Non bank borrowing domestically C. Bank borrowing plus the above two at a and b D. None of the above
145	If a country has linear production possibilities frontier than production is said to be subject to.	A. constant opportunity costs B. Decreasing opportunity costs C. First increasing and the decreasing opportunity costs D. Increasing opportunity costs.
146	Productivity can grow.	A. If capital per hour of labor increases. B. If there are no technological advances. C. If capital per hour of labor decreases D. If real GDP per hour labor decrease and capital per hour of labor increases.
147	Which of the following strategies have developing countries not used to deal with the problem of unstable export markets.	A. Multilateral contracts B. Production and export controls C. Buffer stock arrangements D. Tariff rate quotes
148	Depreciation is.	A. A decrease in the stock of capital B. Gross investment C. Net investment D. An increases in the stock of capital
149	_____ are quotas that lead to a complete abolishment of trade.	A. Embargoes B. Voluntary export restraints C. Nontariff beamers D. Orderly marketing agreements
150	Comparative advantage is determined by	A. Actual difference in labor productivity between countries. B. Relative difference in labor productivity between countries. C. both a and b D. Neither a and b
151	A tariff that probibits imports ahs only	A. A revenue effect and redislnbution effect B. Revenue effect and protection effect C. Consumption effect and production effect D. Redistribution effect and consumption effect
152	The multiplier for a change in social security benefits is eql to the multiplier for a change in the same direction in salaries of Evanston police officers tiems.	A. the marginal propensity to save B. Minus the marginal propensity to save C. The marginal propensity to consume D. Minus the marginal propensity to consume
153	Two commodities are considered to be perfect substitutes for each other if the elasticity of substitution is	A. Positive B. Negative

	substitution is	C. Infinite D. None of these
154	Which of the following is automatic stabilizer.	A. Unemployment benefits B. Spending on education C. Defense spending D. Net interest
155	The form of international price discrimination normally associated with economic recession or excess inventories in the exporting nation is known as.	A. Predatory dumping B. sporadic dumping C. Persistent dumping D. Year and dumping
156	Which of the following organization primarily provides long term loans to developing countries to help them develop the infrastructure such as schools hospitals and roads.	A. World Bank B. International Monetary fund C. Council on Foreign Relations D. Organization of petroleum Exporting countries.
157	MRS _{xy} being 6 means	A. Consumer is willing to give up 6 units of x for one of y B. Preference for y is 6 times that of x C. Both of the above D. None of these
158	An indifference curve gives	A. the actual combination of goods that consumer chooses B. the minimum choice of the consumer C. the highest level of satisfaction D. None of these
159	In Balance of payments accounting tourism and travel are classified in the	A. Merchandise trade account B. Services account C. Unilateral transfers account D. Capital account
160	The largest trading partner of Pakistan is	A. Italy B. US C. USA D. None of these
161	Why is the law of diminishing marginal returns true.	A. Specialization and division of labor B. Spreading the average fixed cost C. Limited capital D. All factors being variable in the long run
162	The welfare effect of a quota depends to a considerable extent upon.	A. Who has the quota license B. The size of the quota C. Elasticities of domestic demand and supply D. All of the above
163	Capitalism refers to	A. the use of markets B. Government ownership of capital goods C. Private ownership of capital goods D. Private ownership of homes and cars
164	The productivity curve	A. Is given by the labor productivity B. Shows the change in real GDP per hour of labor as the amount of capital per hour labor changes C. Shows the change in technology D. Is given by the equation $Y = F(L, K, T)$
165	Export led growth strategies tend to emphasize.	A. Resource allocation based on the principle of absolute advantage. B. Resource allocation based on the principle of comparative advantage. C. Trade protection for exporting competing firms D. Trade protection for import competing firms
166	If a country imposes an import tariff its welfare can improve if	A. The country is a small country's than a larger country. B. Its terms of trade improve enough C. The tariff enhances the welfare of its trading partners D. Its government's tax revenue increase because of the tariff
167	International trade forces domestic firms to become more competitive in terms of.	A. The introduction of new products B. Product design and quantity C. Product price D. All of the above

		D. All of the above
168	Livestock is	A. An independent sector B. Sub -sector of agriculture C. Should be a part of Agriculture D. Would become a part of Agriculture
169	With no government and foreign trade sectors savings always equals.	A. Intended investment B. Realized investment C. Both a and b D. None of these
170	Which trade theory contents that a country that initially develops and exports a new product may eventually become an importer of if ,a nd may no longer manufacture the product.	A. Theory of factor endowments B. Theory of overlapping demands C. Economies of scale theory D. Product life cycle theory.
171	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.
172	The exogenous variable in the income equation $C + I + G = Y$ is	A. C B. I C. G D. None of these
173	A stable equilibrium requires that the marginal propensity to consume is.	A. Less than zero B. Zero C. One D. None of these
174	Disposable income is.	A. Income less taxes B. Income less direct taxes C. income less indirect taxes D. All of these
175	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
176	The term of trade is given by the process.	A. Paid for all goods exported by the home country B. Received for all goods exported by the home country C. Received for exports and paid for imports. D. Of primary product as opposed to manufactured products.
177	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.
178	In autarky equilibrium.	A. Production equals consumption B. Export equal inmpts C. There is no trade D. All of the above
179	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
180	An Engel curve is based on which one of the following assumptions.	A. Constant prices, very incomes B. Constant price, constant income C. Constant incomes, varying prices D. None of these
181	A pure number by which change in investment is multiplied to change in income is called	A. Multiplier B. Accelerator C. Stabilizer D. All of these
182	Health of a country's economy is indicated by	A. Number of doctors per 1,000 population B. Per capital income C. Literacy rate D. None of the above

183	The bowed shape of the production possibilities curve illustrates	A. The law of increasing marginal cost B. the production is inefficient C. the production is unattainable D. The demand is relatively inelastic
184	In the balance of payments, travel and tourism are included in the category of.	A. Unilateral transfers B. Capital account C. Merchandise account D. Services account
185	"Treating an individual as typical of a group.	A. Pure discrimination B. statistical discrimination C. Human capital D. Specific skills
186	The theory of _____ suggests that government can assist domestic competitors.	A. International dumping B. Countervailing duties C. Strategic trade policy D. Export promotion policy
187	A _____ is an example of a quota where foreigners hold quota licenses.	A. Export quota B. Embargo C. Auction quota D. Tariff quota
188	the difference between actual and planned expenditure is equal to.	A. X-M B. M-X C. Unplanned inventory change D. Excess reserves of depository institutions.
189	The investment demand curve shifts rightward if	A. The real interest rate falls B. Savers increase their thriftiness C. The expected profit rate increases. D. The economy moves into a recession
190	Saving means	A. Part of income for investment B. Income for borrowing C. Non consumption of income in the current period D. None of the above