## PPSC Economics Topic 5 International Economics

| Sr | Questions | Answers Choice |
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| 1 | If a nation has an open economy it means that the nation. | A. Allows private ownership of capital<br>B. Has flexible exchange rates<br>C. Has fixed exchange rates<br>D. Conducts trade with other countries |
| 2 | Riskless transactions to take advantage of profit opportunities due to a price differential or a yield differtial in excess of transaction costs are called. | A. Differential actions<br>B. Cash transactions<br>C. Arbitrage<br>D. Forward transactions |
| 3 | The result of antidumping tariffs is to. | A. increase consumer surplus in the importing country<br>B. Decrease producer surplus in the importing country<br>C. Impose a price floor on foreign prices in the importing country<br>D. Impose a price celling on foreign prices in the importing county |
| 4 | Import quotas tend to result in all of the following except. | A. Domestic producers of the imported good being harmed<br>B. Domestic consumers of the imported good being harmed<br>C. Prices increasing in the importing country<br>D. Price failing in the exporting country. |
| 5 | Developing countries that concentrate production in agricultural products or raw materials may face a long run decline in their international terms of trade because of. | A. Inelastic demand for these products in advanced countries.<br>B. Large increase in the supplies of these products on world markets because of export expansion polices<br>C. sluggish demand for these products in advanced countries<br>D. All of the above |
| 6 | The most widely traded currency in the foreign exchange market is the. | A. Euro<br>B. Chinses yuan<br>C. British pound<br>D. U.S. Dollar |
| 7 | When one country provides most favored nation status for another if agrees to. | A. Change that nation's product a lower tariff than any other nations<br>B. Charge that nation's products a tariff rate no higher than that on any other nation.<br>C. Charge that nation's products a higher tariff than any other nation's<br>D. Export to that nation any products that it wants to purchase |
| 8 | Which trade policy results in the government levying both a specific tariff and an advalorem tariff on imported goods. | A. Compound tariff<br>B. Nominals tariff<br>C. Effective tariff<br>D. Revenue tariff |
| 9 | In balance of payments accounting tourism and travel are classified in the | A. Merchandise trade account<br>B. Services account<br>C. Unilateral transfers account<br>D. Capital account |
| 10 | Multinational corporations | A. Always produce primary goods<br>B. Always produce manufactured goods<br>C. Products primary goods or manufactured goods<br>D. None of the above |
| 11 | All of the following are trade problems of developing countries except. | A. Unstable export markets<br>B. improving terms of trade<br>C. Limited access to the markets of industrial countries<br>D. Highly elastic demand curves for their products |

their products.

| 12 | The difference between a country's balances of payments and its balance of international indebtedness. | A. Is equal of official reserve transactions<br>B. Occurs because of foreign exchange fluctuations<br>C. Reflects statistical discrepancies<br>D. Reflects the difference between flow and stock concepts |
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| 13 | currency speculation is_____ if speculators bet against market forces that cause exchange fluctuations, thus moderating such fluctuations. | A. Destabilizing<br>B. Stabilizing<br>C. Inflationary<br>D. Deflationary |
| 14 | 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<br>B. Most favored nation status<br>C. Most favored nation status<br>D. Generalized system of preferences |
| 15 | Among the institutions and polices that have been created to support developing countries are. | A. the World bank<br>B. The international Monetary Fund<br>C. The Generalized system of Preferences<br>D. All of the above |
| 16 | the_____ analysis considers the ability of domestic and foreign prices to adjust to devaluation in the short run. | A. Pass through<br>B. Absorption<br>C. Adjustment mechanism<br>D. currency contract period |
| 17 | _____ represent the most widely used tool in international finance for measuring the average value of a currency relative to a number of other currencies | A. Nominal exchange rates<br>B. Real exchange rates<br>C. Cross exchange rates<br>D. Exchange rate indexes |
| 18 | The relationship between the exchange rate ad the prices of tradable goods is known as the. | A. Purchasing power parity theory<br>B. Asset markets theory<br>C. Monetary theory<br>D. Balance of payments theory |
| 19 | International trade in good sand services is sometimes used as a substitute for all of the following except. | A. Internationals movement of capital<br>B. International movement of labor<br>C. International movements of technology<br>D. Domestic production of different goods and services. |
| 20 | Which of the following organizations primarily provides long term loans to developing countries to help them develop their infrastructure such as schools hospitals and roads. | A. World Bank<br>B. International Monetary fund<br>C. Council on foreign Relations<br>D. Organization of petroleum exporting countries |