# PPSC Economics Topic 10 Public Finance

| Sr | Questions | Answers Choice |
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| 1 | International trade during the 19th century was characterized by. | A. Extensive barriers to trade<br>B. Operation of the gold standard<br>C. A small volume of international trade<br>D. None of these |
| 2 | A tariff that probibits imports ahs only | A. A revenue effect and redislnbution effect<br>B. Revenue effect and protection effect<br>C. Consumption effect and production effect<br>D. Redistribution effect and consumption effect |
| 3 | The impact and incidence of sales tax is | A. On the consumer<br>B. On the seller<br>C. On the producer<br>D. None of these |
| 4 | The overall Budget Deficit is financed from | A. External borrowing<br>B. Non bank borrowing domestically<br>C. Bank borrowing plus the above two at a and b<br>D. None of the above |
| 5 | Your checking account is | A. An asset for you and a liability for your bank<br>B. A liability for you and an asset for your bank<br>C. An asset for both you and your bank<br>D. A liability for both you and your bank |
| 6 | If the % change in quantity demanded is more than % change in price coefficient of price elasticity is. | A. >1<br>B. <1<br>C. =1<br>D. =zero |
| 7 | According to the crowding out effect, a there is a government deficit, the real interest rate will._____ and investment will_____ | A. rise ; rise<br>B. fall ; rise<br>C. rise ; fall<br>D. fall ; fall |
| 8 | If a country an imposes an import tariff its welfare can improve if | A. The country is a small country's than a larger country.<br>B. Its terms of trade improve enough<br>C. The tariff enhances the welfare of its trading partners<br>D. Its government's tax revenue increase because of the tariff |
| 9 | In order of practice price discrimination which of the following is needed. | A. Some degree of monopoly power<br>B. An ability to separate the market<br>C. An ability to prevent reselling<br>D. All of the above |
| 10 | "Treating an individual as typical of a group. | A. Pure discrimination<br>B. statistical discrimination<br>C. Human capital<br>D. Specific skills |
| 11 | If there is a price celling, there will be. | A. Shortages<br>B. surpluses<br>C. Equilibrium<br>D. None of these |
| 12 | In a "Lorenz curve diagram absolute equality in income distribution would appear as. | A. A curved line well bowed out from the diagonal<br>B. A curved line close to the diagonal<br>C. A right angled line<br>D. A diagonal line |
| | | A. Always |

| | | |
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| 13 | Through the world government tend o auction quota license to their highest bidder. | B. Often<br>C. Seldom<br>D. Never |
| 14 | MRSxy being 6 means | A. Consumer is willing to give up 6 units of x for one of y<br>B. Preference for y is 6 times that of x<br>C. Both of the above<br>D. None of these |
| 15 | Which of the following is a component of M1. | A. Saving deposit<br>B. Credit card<br>C. Checkable deposit<br>D. Gold |
| 16 | That the division of labor is limited by the size of the market best applies to which explanation of trade. | A. Factor endowment theory<br>B. Product life cycle theory<br>C. Economies of scale theory<br>D. Overlapping demand theory |
| 17 | If the Federal Reserve wishes to increase the money supply it should. | A. Raise the reserve requirement<br>B. Raise the discount rate<br>C. Buy Treasury securities in the open market<br>D. All of the above |
| 18 | Which of the following NOT a source of economic growth. | A. Investment in new capitals<br>B. Labor productivity<br>C. Investment in human capital<br>D. Technology advances |
| 19 | Saving means | A. Part of income for investment<br>B. Income for boarding<br>C. Non consumption of income in the current period<br>D. None of the above |
| 20 | An Engel curve is based on which one of the following assumptions. | A. Constant prices, very incomes<br>B. Constant price, constant income<br>C. Constant incomes, varying prices<br>D. None of these |