

PPSC Economics Topic 10 Public Finance

Sr	Questions	Answers Choice
1	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
2	A market is in equilibrium when	A. $Ac = P$ B. $MC = MR$ C. $AC = AR$ D. $TC = TR$
3	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
4	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.
5	Accordant the wealth effect , an increase i the price level _____ real wealth and _____ consumption expenditure.	A. Increase, Increases. B. Increases ; decreases C. decreases ; increases D. decreases ; decreases
6	Quotas are government imposed limits on the _____ of goods trade between countries.	A. Prices B. Quantity C. Revenue D. Costs
7	The productivity curve	A. Is given by the labor productively 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 $Y = F (L, K, T)$
8	The production function will be affected by changes in the prices of.	A. Inputs B. Outputs C. Neither D. All of the above
9	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.
10	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
11	The% change in quantity demanded due to % change in incomes.	A. Price elasticity B. Prices cross elasticity C. Income elasticity D. All of these
12	When unintended investment is positive	A. Output tends to rise B. Output tends to fall C. Output is in equilibrium D. None of these
13	In the balcne of payments, travel and tourism are included int he category of.	A. Unilateral transfers B. Capital account C. Merchandise account D. Services account

14	An increasingly higher marginal income tax is	<p>A. Progressive</p> <p>B. Regressive</p> <p>C. Proportional</p> <p>D. Both b and c</p>
15	A stable equilibrium requires that the marginal propensity to consume is.	<p>A. Less than zero</p> <p>B. Zero</p> <p>C. One</p> <p>D. None of these</p>
16	The term of trade is given by the process.	<p>A. Paid for all goods exported by the home country</p> <p>B. Received for all goods exported by the home country</p> <p>C. Received for exports and paid for imports.</p> <p>D. Of primary product as opposed to manufactured products.</p>
17	In the short run an increase in the quantity of money _____ real GDP and _ the price level.	<p>A. increases ; raises</p> <p>B. does not change ; lowers</p> <p>C. decreases ; raises</p> <p>D. decrease ; lowers</p>
18	Your checking account is	<p>A. An asset for you and a liability for your bank</p> <p>B. A liability for you and an asset for your bank</p> <p>C. An asset for both you and your bank</p> <p>D. A liability for both you and your bank</p>
19	Capitalism refers to	<p>A. the use of markets</p> <p>B. Government ownership fo capital goods</p> <p>C. Private ownership of capital goods</p> <p>D. Private ownership of homes and cars</p>
20	Why is the law of diminishing marginal returns ture.	<p>A. Specialization and division of labor</p> <p>B. Spreading the average fixed cost</p> <p>C. Limited capital</p> <p>D. All factors being variable in the long run</p>