PPSC Economics Topic 10 Public Finance

Sr	Questions	Answers Choice
1	Saving means	A. Part of income for investment B. Income for boarding C. Non consumption of income in the current period D. None of the above
2	In autarky when a community maximizes its standard of living its production points 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	The relation ship 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
4	Which of the following type of taxes is the most regressive.	A. Income taxes B. Sales taxes C. Excise taxes D. None of these
5	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
6	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
7	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
8	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.
9	The bowed shape of the production possibilities curve illustrates	A. The law of increasing marginal cost B. the production is inefficient C. the production in unattainable D. The demand is relatively inelastic
10	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
11	Most commonly referred indicator of inflation is	A. Wholesale price index B. Retail price index C. Consumer price index D. Sensitivity price index
12	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

		labor increases.
13	Direct investment and security purchase are classified as.	A. Capital account transactions B. Current account transactions C. Unilateral transfer transactions D. Merchandise trade transactions
14	If there is a price celling, there will be.	A. Shortages B. surpluses C. Equilibrium D. None of these
15	The fundamental economics problem faced by all societies is	A. Un employment B. In equality C. Poverty D. Scarcity
16	Price controls are	A. Necessary for consumer's welfares B. A must to check inflation C. Doomed to fall D. None of these
17	If there is a prices celling, 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
18	A stable equilibrium requires that the marginal propensity to consume is.	A. Less than zero B. Zero C. One D. None of these
19	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
20	The effect of the most favored nation clause is to	A. Eliminate at tariffs between countries. B. Increase all tariff rates between countries C. Maintain a nondiscriminatory structure of tariffs D. Marlein a discriminatory structure of tariffs.