

PPSC Economics Topic 10 Public Finance

Sr	Questions	Answers Choice
1	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
2	According the 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
3	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
4	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
5	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
6	The goal of a pure market economy is to best meet the desires of	A. Consumers B. Companies C. Workers D. The government
7	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
8	The% change in quantity demanded due to % change in incomes.	A. Price elasticity B. Prices cross elasticity C. $\frac{\text{Income elasticity}}{\text{Income elasticity}}$ D. All of these
9	The largest trading partner of Pakistan is	A. Italy B. US C. USA D. None of these
10	If there is a price floor there will be	A. Shortages B. Surpluses C. Equilibrium D. None of these
11	Why is the law of diminishing marginal returns ture.	A. Specialization and division of labor B. Spreading the average fixed cost C. Limited capital D. All factors being variable in the long run
12	A purely monetary explanation of the business cycle is proposed by	A. Hawtrey B. Schumpeter C. Hansen D. None of these
13	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
14	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 D.

		change D. None of the above
15	The exogenous variable in the income equation $C + I + G = Y$ is	A. C B. I C. G D. None of these
16	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
17	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
18	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
19	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
20	_____ are quotas that lead to a complete abolishment of trade.	A. Embargoes B. Voluntary export restraints C. Nontariff barriers D. Orderly marketing agreements