

PPSC Economics Chapter 10 Most Frequently Asked Economics MCQS

Sr	Questions	Answers Choice
1	Which of the following organization primarily provides long term loans to developing countries to help them develop the infrastructure such as schools hospitals and roads.	A. World Bank B. International Monetary fund C. Council on Foreign Relations D. Organization of petroleum Exporting countries.
2	Suppose that the supply curve of lin is highly inelastic if the demand curve of lin decreases and increases cyclically along the supply curve of lin then in this market the size of the quantity fluctuations will be _____ the size of the price fluctuations.	A. Relatively greater than B. Relatively less than C. the same as D. Any of the above
3	Export led growth strategies tend to emphasize.	A. Resource allocation based on the principle of absolute advantage. B. Resource allocation based on the principle of comparative advantage. C. Trade protection for exporting competing firms D. Trade protection for import competing firms
4	Import substitution is an example of.	A. The principle of comparative advantage B. The principle of absolute advantage C. An outward looking growth strategy D. An inward looking growth strategy
5	Which of the following strategies have developing countries not used to deal with the problem of unstable expert markets.	A. Multilateral contracts B. Production and export controls C. Buffer stock arrangements D. Tariff rate quotes
6	The arrangement were goods imported from trading partners in the developing world are subject to lower tariff rates than good from other countries is referred to as.	A. Normal trade relation status. B. Most favored nation status C. Generalized system of Preferences. D. Offshore assembly provisions
7	Which industrialization policy have developing countries used which places emphasis on the comparative advantage principle as agued rto resource allocation.	A. Export promotion B. Import substitution C. International commodity agreements D. Multilateral contracts
8	The theory of _____ suggests that government can assist domestic competitors.	A. International dumping B. Countervailing duties C. Strategic trade policy D. Export promotion policy
9	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.
10	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
11	According to the cost based definition of dumping dumping occurs when a firm sets a product abroad at a price that is less than	A. Average total cost B. Average variable cost C. Average foxed cost D. Marginal cost
12	The form of dumping that represents the greatest potential net welfare loss the for importing	A. Predatory dumping B. Sporadic dumping C. Persistent dumping

	nation is.	C. Persistent dumping D. Year end dumping
13	The form of international price discrimination normally associated with economic recession or excess inventories in the exporting nation is known as.	A. Predatory dumping B. sporadic dumping C. Persistent dumping D. Year and dumping
14	Non tariff trade barriers could include all of the following except	A. Domestic content laws B. Government procurement policies. C. Health , safety and environmental standards D. Antidumping /countervailing duties applied to imports
15	A _____ is an example of a quota where foreigners hold quota licenses.	A. Export quota B. Embargo C. Auction quota D. Tariff quota
16	The welfare effect of a quota depend to a considerable extent upon.	A. Who has the quota license B. The size of the quota C. Elasticities of domestic demand and supply D. All of the above
17	Similar to import tariffs, import quotas tend to result in.	A. Higher prices and reduced imports B. Increased government revenue C. Increased consumer surplus D. Decrease producer surplus
18	_____ are quotas that lead to a complete abolishment of trade.	A. Embargoes B. Voluntary export restraints C. Nontariff barriers D. Orderly marketing agreements
19	Quotas are government imposed limits on the _____ of goods trade between countries.	A. Prices B. Quantity C. Revenue D. Costs
20	Through the world government tend to auction quota license to their highest bidder.	A. Always B. Often C. Seldom D. Never