PPSC Economics Topic 10 Public Finance

Sr	Questions	Answers Choice
1	The theory of _____ suggests that government can assist domestic competitors.	A. International dumping B. Countervailing duties C. Strategic trade policy D. Export promotion policy
2	The locus of equilibrium of consumers due to changes in price of a commodity is known as.	A. Price consumption curve B. Income consumption curve C. Producing possibility curve D. None of these
3	Capitalism refers to	A. the use of markets B. Government ownership fo capital goods C. Private ownership of capital goods D. Private ownership of homes and cars
4	There is positive relationship between multiplier and.	A. Marginal propensity to consume B. Marginal propensity to save C. Marginal efficiency of capital D. all of these
5	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
6	Of the following which one is a characteristic of monopolistic competition.	A. Standardized product B. Comparatively easy only C. Little non price competition D. None of these
7	The earliest statement of the principle of comparative advantage is associated with.	A. Adam Smith B. David Ricardo C. Eli Heckshcer D. Berti Ohlin
8	If a country has linear production possibilities frontier than production is said to be subject to.	A. constant opportunity costs B. Decreasing opportunity costs C. First increasing and the decreasing opportunity costs D. Increasing opportunity costs.
9	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.
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	A specification of a maximum amount of a foreign produced good that will be allowed to enter the country over a given time period is referred to as a	A. Domestic subsidy B. Export subsidy C. Import quota D. Export quota
12	In pure competition.	A. Strong rivaled exist B. Cartels are formed C. Both a and b D. None of thes
13	Riskless transactions to take advantage of profit opportunities due to a price differential or a yield differential in excess of transaction costa are called	A. deferential actions B. Cash transactions, C. Arbitrage D. Forward transactions
14	The% change in quantity demanded due to % change in incomes.	A. Price elasticity B. Prices cross elasticity C. Income elasticity

		D. All of these
15	In the circular flow diagram firms.	A. Receive revenue and supply resources in the resource market B. Incur costs and demand resources in the resource market. C. Receive revenue and demand resources in the product market. D. Incur costs and supply goods and services in the product market.
16	When unintended investment is positive	A. Output tends to rise B. Output tends to fall C. Output is in equilibrium D. None of these
17	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
18	The form of dumping that represents the greatest potential net welfare loss the for importing nation is.	A. Predatory dumping B. Sporadic dumping C. Persistent dumping D. Year end dumping
19	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
20	A tariff can_____ raise a country's welfare.	A. Sometimes B. Never C. Always D. None of these