PPSC Economics Topic 10 Public Finance

Sr	Questions	Answers Choice
1	A demand curve shows the relation between the quantity demanded to a commodity over a given time and.	A. the testes of consumer B. The money income of cosumer C. The price of related commodities D. The price of the commodity
2	The monetary base is composed of.	A. Gold and silver B. Currency and reserves C. Currency only D. Currency and checkable deposits
3	Which of the following would most likely shift the production possibilities curve for a nation outward.	A. A reduction in unemployment B. An increases in the production of capital goods C. A reduction in discrimination D. An increase in the production of consumer goods
4	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
5	If the autarky price of S were lower in country A than in country B, then if trade were allowed.	A. A would likely exports s to B B. A would likely import s from B C. Neither country would want to trade D. None of the above
6	In the home country government grants a subsidy of a domestically produced good domestic producers tend to.	A. Capture the entire subsidy in the form of higher profits B. Increase their level of production C. Reduce wages paid to domestic workers D. Consider the subsidy as an increase in production cost
7	Which of the following NOT a source of economic growth.	A. Investment in new capitals B. Labor productivity C. Investment in human capital D. Technology advances
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	A stable equilibrium requires that the marginal propensity to consume is.	A. Less than zero B. Zero C. One D. None of these
10	Livestock is	A. An independent sector B. Sub -sector of agriculture C. Should be a part of Agriculture D. Would become a part of Agriculture
11	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
12	a nation with a current account deficit will be	A. Lending more money to other nations B. Experiencing a surplus in exports of goods and services. C. Reducing its indebtedness to other nations D. Going further into debt with other nations
13	All economic model ae based on	A. Realistic assumptions B. Assumptions which can never be perfectly realistic

		C. Unrealistic assumptions D. None of the above
14	According to the crowding out effect, a there is a government deficit, the real interest rate will.__________ and investment will_________	A. rise ; rise B. fall ; rise C. rise ; fall D. fall ; fall
15	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
16	Quotas are government imposed limits on the ________ of goods trade between countries.	A. Prices B. Quantity C. Revenue D. Costs
17	If the coefficient of income elasticity is negative.	A. Inferior good B. Normal good C. Luxury good D. All of these
18	A tax 15 percent per imported item would be an example of a	A. Ad valorem tariff B. specific tariff C. Effective tariff D. Compound tariff
19	The agricultural price support program is an example of.	A. A price celling B. A price floor C. Equilibrium pricing D. None of these
20	Health of a country's economy is indicated by	A. Number of doctors per 1,000 population B. Per capital income C. Literacy rate D. None of the above