PPSC Economics Topic 10 Public Finance

Sr	Questions	Answers Choice
1	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
2	With no government and foreign trade sectors savings always equals.	A. Intended investment B. Realized investment C. Botha a and b D. None of these
3	A purely monetary explanation of the business cycle is proposed by	A. Hawtrey B. Schumpeter C. Hansen D. None of these
4	The exogenous variable in the income equation C +!+G = y is	A. C B. I C. G D. None of these
5	John Stuart Mill was the founder of the	A. Theory of reciprocal demand B. Theory of absolute advantage C. Theory of comparative advantage D. Theory of mercantilism
6	The Hocksher Ohlin model rules out the classical model's basis for trade by assuming that. _____ is identical between countries.	A. Factor endowments B. Factor intensities C. Technology D. Opportunity costs
7	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 change D. None of the above
8	If in market the seller is changing different prices for the same commodity from different consumers it is known as.	A. Price discrimination B. efficient selling C. Profit maxi miser in Monopoly D. all of these
9	A decrease in lump sum taxes is an examples of.	A. Contractionary fiscal policy B. Expansionary fiscal policy C. A change in induced taxes D. A and c
10	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
11	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
12	Ad valorem tariffs are collected as	A. Fixed amounts of money per unit traded B. A percentage of the price of the product C. A percentage of the quantity of imports D. All of the above
13	Similar to import tariffs, import quotas tend to result in.	A. Higher prices and reduced imports B. Increasesed government revenue C. Increased consumer surplus D. Decrease producer surplus
14	an more labor is added to a fixed amount of input the rate at which output goes up begins to decrease This is called.	A. Diminishing marginal utility B. Diminishing marginal productivity C. Diminishing marginal costs D. Diminishing marginal profit

15	The investment demand curve shifts right ward if	A. The real interest rate falls B. Savers increase their thriftiness C. The expected profit rate increases. D. The economy moves into a recession
16	Currency speculations is_____ if speculators bet against market forces that cause exchange functions, thus moderating such fluclutions.	A. Destabilizing B. Stabilizing C. Inflationary D. Deflationary
17	Comparative advantage is determined by	A. Actual difference in labor productivity between countries. B. Relative difference in labor productivity between countries. C. both a and b D. Neither a and b
18	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. Multiateral contracts
19	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.
20	If a small country imposes a tariff on an imported good its terms of trade will	A. Improve B. Worsen C. Not change D. any of the above