

## PPSC Economics Topic 10 Public Finance

| Sr | Questions   | Answers Choice  |
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| 1  | Non tariff trade barriers could include all of the following except   | <p>A. Domestic content laws<br/>           B. Government procurement policies.<br/>           C. Health , safety and environmental standards<br/> <b>D. Autidumpiing /countervailing duties applied to imports</b></p>  |
| 2  | The larger the required reserve ratio the.  | <p><b>A. Smaller is the deposit multiplier</b><br/>           B. Larger is the deposit multitier<br/>           C. Larger is the amount of total deposits that can created from a new deposit<br/>           D. Larger is the amount of total money that can be created from a withdrawal</p> |
| 3  | The overall Budget Deficit is financed from   | <p>A. External borrowing<br/>           B. Non bank borrowing domestically<br/> <b>C. Bank borrowing plus the above two at a and b</b><br/>           D. None of the above</p>  |
| 4  | Capitalism refers to  | <p>A. the use of markets<br/>           B. Government ownership fo capital goods<br/> <b>C. Private ownership of capital goods</b><br/>           D. Private ownership of homes and cars</p>  |
| 5  | All economic model ae based on  | <p>A. Realistic assumptions<br/> <b>B. Assumptions which can never be perfectly realistic</b><br/>           C. Unrealistic assumptions<br/>           D. None of the above</p>   |
| 6  | Since 1960 the rage of economic growth in the country has been  | <p><b>A. On the decline continuously</b><br/>           B. Increasing continuously<br/>           C. increasing occasionally.<br/>           D. Static in real terms</p>  |
| 7  | Public utilities tend to be   | <p><b>A. Inefficient</b><br/>           B. Natural monopolies<br/>           C. subject to increasing costs<br/>           D. None of these</p>   |
| 8  | Which of the following strategies have developing countries not used to deal with the problem of unstable expert markets. | <p>A. Multilateral contracts<br/>           B. Production and export controls<br/>           C. Buffer stock arrangements<br/> <b>D. Tariff rate quotes</b></p>   |
| 9  | In the home country government grants a subsidy of a domestically produced good domestic producers tend to.               | <p>A. Capture the entire subsidy in the form of higher profits<br/> <b>B. Increase their level of production</b><br/>           C. Reduce wages paid to domestic workers<br/>           D. Consider the subsidy as an increase in production cost</p>   |
| 10 | Guid up of foreign exchange reserves leads to.  | <p>A. Decrease in money supply<br/> <b>B. increase in money supply</b><br/>           C. contraction in money supply<br/>           D. None of the above</p>  |
| 11 | The warfare effect of a quota depend to a considerable extent upon.   | <p>A. Who has the quota license<br/>           B. The size of the quota<br/>           C. Elasticities of domestic demand and supply<br/> <b>D. All of the above</b></p>  |
| 12 | The form of dumping that represents the greatest potential net welfare loss the for importing nation is.                  | <p><b>A. Predatory dumping</b><br/>           B. Sporadic dumping<br/>           C. Persistent dumping<br/>           D. Year end dumping</p>   |
|    |   | <p>A. Actual difference in labor</p>  |

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| 13 | Comparative advantage is determined by   | <p>productivity between countries.<br/> <b>B. Relative difference in labor productivity between countries.</b><br/> C. both a and b<br/> D. Neither a and b</p> |
| 14 | Currency speculations is _____ if speculators bet against market forces that cause exchange functions, thus moderating such fluctuations.  | <p>A. Destabilizing<br/> <b>B. Stabilizing</b><br/> C. Inflationary<br/> D. Deflationary</p>  |
| 15 | Quotas are government imposed limits on the _____ of goods trade between countries.  | <p>A. Prices<br/> <b>B. Quantity</b><br/> C. Revenue<br/> D. Costs</p>  |
| 16 | The % change in quantity demanded due to % change in incomes.  | <p>A. Price elasticity<br/> B. Prices cross elasticity<br/> <b>C. Income elasticity</b><br/> D. All of these</p>  |
| 17 | Similar to import tariffs, import quotas tend to result in.  | <p><b>A. Higher prices and reduced imports</b><br/> B. Increased government revenue<br/> C. Increased consumer surplus<br/> D. Decrease producer surplus</p>    |
| 18 | Starting from a position where the nation's money demand equals the money supply and its balance of payments is in equilibrium, economic theory suggests that the nation's balance of payments would move into a surplus position if there occurred in the nation a. | <p><b>A. Decrease in the money supply</b><br/> B. Increase in the money supply<br/> C. Decrease in the money demand<br/> D. any of the above</p>                |
| 19 | The fundamental economic problem faced by all societies is   | <p>A. Unemployment<br/> B. Inequality<br/> C. Poverty<br/> <b>D. Scarcity</b></p>   |
| 20 | In a market system, sellers act in _____ interest, but this leads to behaviors in _____ interest.  | <p>A. Self, self<br/> <b>B. Self, society's</b><br/> C. Society's, society's<br/> D. society's, self</p>  |