

## PPSC Economics Topic 10 Public Finance

Sr	Questions	Answers Choice
1	The goal of a pure market economy is to best meet the desires of	A. Consumers B. Companies C. Workers D. The government
2	_____ represents the difference between what consumers have to pay for a product and what they are willing and able to pay.	A. Producer surplus B. Deadweight surplus C. Government surplus D. Consumer surplus
3	If the Federal Reserve wishes to increase the money supply it should.	A. Raise the reserve requirement B. Raise the discount rate C. Buy Treasury securities in the open market D. All of the above
4	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
5	The theory of _____ suggests that government can assist domestic competitors.	A. International dumping B. Countervailing duties C. Strategic trade policy D. Export promotion policy
6	Absolute 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
7	International trade in goods and services is sometimes used as a substitute for all of the following except.	A. International movements of capital B. International movement of labor C. International movement of technology D. Domestic production of different goods and services
8	Which of the following is automatic stabilizer.	A. Unemployment benefits B. Spending on education C. Defense spending D. Net interest
9	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
10	Suppose that the domestic government allows a specific number of goods to be imported each year but it does not spically from where the product is shipped or who is permitted to import such a trade barrier is known as	A. an import tariff B. A tariff rate quota C. A selective quota D. A global quota
11	In autarky when a community maximizes its standard of living its production points is.	A. Below the production possibility frontier B. On the production possibility frontier C. Above the production possibility frontier D. Can't tell without more information.
12	During the last eight years the per capita income in Pakistan has been	A. Increasing substantially because of decline in population growth B. Decreasing C. increasing only marginally D. Constant
13	With no government and foreign trade sectors savings always equals.	A. Intended investment B. Realized investment C. Both a and b D. None of these
		A. Predatory dumping

14	The form of international price discrimination normally associated with economic recession or excess inventories in the exporting nation is known as.	B. sporadic dumping C. Persistent dumping D. Year and dumping
15	According to the crowding out effect, if 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
16	An indifference curve gives	A. the actual combination of goods that consumer chooses B. the minimum choice of the consumer C. the highest level of satisfaction D. None of these
17	Which of the following is a component of M1.	A. Saving deposit B. Credit card C. Checkable deposit D. Gold
18	Which of the following type of taxes is the most regressive.	A. Income taxes B. Sales taxes C. Excise taxes D. None of these
19	If there is a price ceiling, there will be.	A. Shortages B. surpluses C. Equilibrium D. None of these
20	Quotas are government imposed limits on the _____ of goods trade between countries.	A. Prices B. Quantity C. Revenue D. Costs