

PPSC Economics Topic 5 International Economics

Sr	Questions	Answers Choice
1	Import quotas tend to result in all of the following except.	<p>A. Domestic producers of the imported good being harmed</p> <p>B. Domestic consumers of the imported good being harmed</p> <p>C. Prices increasing in the importing country</p> <p>D. Price failing in the exporting country.</p>
2	According to the factor price equalization theorem, the _____ factor should oppose free trade policies in any given country.	<p>A. Abundant</p> <p>B. scarce</p> <p>C. Neither</p> <p>D. Can't tell without more information</p>
3	If tastes are identical between countries then comparative advantage is determined by	<p>A. Supply conditions only</p> <p>B. Demand conditions only</p> <p>C. Supply and demand conditions</p> <p>D. Can't tell without more information.</p>
4	Which exchange rate mechanism is intended to insulates the balance of payments from short term capital movements while providing exchange rate stability for commercial transactions.	<p>A. Dual exchange rates</p> <p>B. Managed floating exchange rates</p> <p>C. Adjustable pegged exchange rates</p> <p>D. Crawling pegged exchange rates.</p>
5	The asset market approach is most helpful in explaining.	<p>A. Why exchange rate remain quite stable</p> <p>B. Why government change their money supplies</p> <p>C. Long term exchange rate movements</p> <p>D. Short term exchange rate movements</p>
6	All of the following are debit items in the balance of payment eexcept.	<p>A. Capital outflows</p> <p>B. merchandise exports</p> <p>C. Private gifts to foreigners</p> <p>D. Foreign and granted to other nations</p>
7	International trade is based o the notion that.	<p>A. Different currencies are an obstacle to international trade</p> <p>B. Goods are more mobile internationally than are resources</p> <p>C. Resources are more mobile internationally that are goods</p> <p>D. A country's exports should always exceeds its imports</p>
8	The organization that currently establishes rules of conduct for firms engaging in international trade is the.	<p>A. World Bank</p> <p>B. International Trade commission</p> <p>C. Department of Justice</p> <p>D. World Trade Organization</p>
9	The difference between bid rates and ask rates is called the	<p>A. Profit</p> <p>B. Arbitrage</p> <p>C. Spread</p> <p>D. Forward transaction</p>
10	Among the institutions and polices that have been created to support developing countries are.	<p>A. the World bank</p> <p>B. The international Monetary Fund</p> <p>C. The Generalized system of Preferences</p> <p>D. All of the above</p>
11	If a country has a bowed out production possibility frontier then production is said to be subject to.	<p>A. Constant opportunity costs</p> <p>B. Decreasing opportunity costs</p> <p>C. First increasing and than decreasing opportunity costs</p> <p>D. Increasing opportunity costs</p>
12	A tariff that prohibits imports has only	<p>A. a revenue effect and redistribution effect</p> <p>B. Revenue effect and protection effect</p>

		<p>C. Consumption effect and protection effect</p> <p>D. Redistribution effect and consumption effect</p>
13	Multinational corporations	<p>A. Always produce primary goods</p> <p>B. Always produce manufactured goods</p> <p>C. Products primary goods or manufactured goods</p> <p>D. None of the above</p>
14	According to the Heckscher - Ohlin model	<p>A. ^{Every one automatically gains from trade}</p> <p>B. The gainers from trade outnumber the losers from trade</p> <p>C. The scarce factor necessary gains from trade</p> <p>D. None of the above</p>
15	The factor endowment theory was pioneered by	<p>A. Adam Smith</p> <p>B. David Ricardo</p> <p>C. Wassily Leontief</p> <p>D. Eli Heckscher and Bertil Ohlin</p>
16	increase foreign competition tend to.	<p>A. Intensify inflationary pressure at home</p> <p>B. Induce falling output per worker hour for domestic workers</p> <p>C. Place constraints on the wages of domestic workers</p> <p>D. Increase profits of domestic import competing industries.</p>
17	If the home country government grants a subsidy on a domestically produced good domestic producers tend to.	<p>A. Capture the entire subsidy in the form of higher profits</p> <p>B. Increase their level of production</p> <p>C. Reduce wages paid to domestic workers</p> <p>D. Consider the subsidy as an increase in production cost</p>
18	A depreciation of the dollar will have its most pronounced impact on imports if the demand for imports is.	<p>A. Constant</p> <p>B. Inelastic</p> <p>C. Elastic</p> <p>D. Unitary elastic</p>
19	Absolute advantage is determined by	<p>A. Actual difference in labor productivity between countries.</p> <p>B. Relative difference in labor productivity between countries.</p> <p>C. Both a and b</p> <p>D. Neither a nor b</p>
20	The term of trade is given by the prices.	<p>A. Paid to all goods exported by the home country</p> <p>B. Received for all goods exported by the home country</p> <p>C. Received for exports and paid for imports.</p> <p>D. Of primary products as opposed to manufactured products.</p>