

PPSC Economics Topic 5 International Economics

Sr	Questions	Answers Choice
1	The _____ analyzes the income distribution effects of trade in the short run when resources are immobile among industries.	A. Stolpher Samuelson theory B. Factor endowment theory. C. Specific factor theory D. Over lapping demand theory
2	Nontariff trade barriers could include all of the following except.	A. Domestic content laws B. Government procurement polices C. Health , safety, and environmental standards D. Antidumping counter/vialling duties applied to imports.
3	Which trade policy results in the government levying both a specific tariff and an advalorem tariff on imported goods.	A. Compound tariff B. Nominals tariff C. Effective tariff D. Revenue tariff
4	If export's are a constant proportion of GNP such that $E = 18$ GNP, find the level of imports that would represent a zero trade balance when $GNP = 10,000$	A. 180 B. 555 C. 1,800 D. 5,555
5	When the price of foreign currency the exchange is above the equilibrium level.	A. an excess supply of that currency exists in the foreign exchange market. B. an excess demand for that currency exists in the foreign exchange market C. The supply of foreign exchange shifts outward to the right D. the supply of foreign exchange shifts backward to the left
6	Which exchange rate mechanism calls for frequent redefining of the par value by small amounts to remove payments disequilibrium.	A. Dual exchange rates B. Adjustable pegged exchange rates C. Managed floating exchange rates D. Crawling pegged exchange rates.
7	The asset market approach is most helpful in explaining.	A. Why exchange rate remain quite stable B. Why government change their money supplies C. Long term exchange rate movements D. Short term exchange rate movements
8	To help developing nations strengthen their international competitive rises many industrial nations have granted non nations udder the .	A. International commodity engravement's program B. Multilateral contract program C. Generalized system of preferences program D. Export led growth program
9	Debit (-) items in the balance of payments correspond to anything that.	A. Involve receipts from foreigners B. Involves payments to foreigners C. Increase the domestic money supply D. Decrease the demand for foreign exchange
10	The factor endowment theory was pioneered by	A. Adam Smith B. David Richardo C. Wassily Leontief D. Eli Heckscher and Bartill Ohlim
11	The factor endearment model of international trade was developed by.	A. Adam Smith B. David Ricardo C. John Stuart Mill D. Eli Heckscher and Beril Ohlin
12	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 nor b
13	Dynamic gains from trad could result from	A. The stimulus of additional investment spending as markets open B. Economies of large scale production as markets open C. Additional competition made possible by the opening of markets D. All of the above
14	The effect of the most favored nation clause is to.	A. Eliminate all tariffs between countries B. Increase all tariff rates between countries. C. Maintain a nondiscriminatory structure of tariffs D. Maintain a discriminatory structure of tariffs
15	A depreciation of the dollar will have its most pronounced impact on imports if the demand for imports is.	A. Constant B. Inelastic C. Elastic D. Unitary elastic
16	All of the following are debit items in the balance of payment except.	A. Capital outflows B. merchandise exports C. Private gifts to foreigners D. Foreign aid granted to other nations
17	A feasible effect of international trade is that a	A. Monopoly in the home market become an oligopoly in the world market B. Oligopoly in the home market becomes a monopoly in the world market C. Purely competitive firm in the home market becomes an oligopolistic D. Purely competitive firm in the home market becomes a monopolist
18	A product will be traded only if the pre trade price difference between the two countries	A. Is less than the cost of transporting it between them B. is greater than the cost of transporting it between them C. Equals the cost of transporting it between them D. More information is needed to answer this question
19	Small nations whose trade and financial relationships are mainly with a single partner tend to utilize.	A. Pegged exchange rates B. Freely floating exchange rates C. Managed floating exchange rates D. Crawling exchange rates.
20	The exchange rate is kept the same across geographically separate markets by	A. Hedging B. Speculation C. Government regulation D. Arbitrage