

PPSC Economics Topic 5 International Economics

Sr	Questions	Answers Choice
1	Anti dumping duties applied to imported goods.	<p>A. Are abolished by the world Trade Organization</p> <p>B. Result in decreases in consumer surplus for domestic households</p> <p>C. Are imposed by industrial countries but not developing countries.</p> <p>D. Result in lower priced goods for domestic consumers</p>
2	Credit (+) items in the balance of payments correspond to anything that.	<p>A. Involves receipts from foreigners</p> <p>B. Involves payments to foreigners</p> <p>C. Increases the domestic money supply</p> <p>D. Decrease the demand for foreign exchange</p>
3	The movement to free international trade is most likely to generate short term unemployment in which industries'.	<p>A. Industries in which there are neither imports nor exports</p> <p>B. Import competing industries.</p> <p>C. Industries that sell to domestic and foreign buyers</p> <p>D. Industries that sell to only foreign buyers</p>
4	Small nations with more than one major trading partner tend to peg the value of their currencies to.	<p>A. gold</p> <p>B. silver</p> <p>C. a single currency</p> <p>D. a basket of currencies</p>
5	When one country provides most favored nation status for another if agrees to.	<p>A. Change that nation's product a lower tariff than any other nations</p> <p>B. Charge that nation's products a tariff rate no higher than that on any other nation.</p> <p>C. Charge that nation's products a higher tariff than any other nation's</p> <p>D. Export to that nation any products that it wants to purchase</p>
6	Developing countries that concentrate production in agricultural products or raw materials may face a long run decline in their international terms of trade because of.	<p>A. Inelastic demand for these products in advanced countries.</p> <p>B. Large increase in the supplies of these products on world markets because of export expansion policies</p> <p>C. sluggish demand for these products in advanced countries</p> <p>D. All of the above</p>
7	The factor endowment theory was pioneered by	<p>A. Adam Smith</p> <p>B. David Richardo</p> <p>C. Wassily Leontief</p> <p>D. Eli Heckscher and Bartill Ohlim</p>
8	Among the institutions and policies 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>
9	The effect of the most favored nation clause is to.	<p>A. Eliminate all tariffs between countries</p> <p>B. Increase all tariff rates between countries.</p> <p>C. Maintain a nondiscriminatory structure of tariffs</p> <p>D. Maintain a discriminatory structure of tariffs</p>
10	According to the factor endowment model of Hackshcer and Ohlin countries heavily endowed with land will.	<p>A. Devote excessive amounts of resources to agricultural production.</p> <p>B. Devote insufficient amounts of resources to agricultural production</p> <p>C. Export products that are and intensive.</p> <p>D. Import products that are intensive.</p>

		D. Import products that are land intensive
11	Direct investment and security purchases are classified as.	A. Capital account transactions B. Current account transactions C. Unilateral transfer transactions D. Merchandise trade transactions
12	A specification of a maximum amount of a foreign produced good that will be allowed to enter the country over a given time period is referred to as a	A. Domestic subsidy B. Export subsidy C. Import quota D. Export quota
13	The exchange rate is kept the same across geographically separate markets by	A. Hedging B. Speculation C. Government regulation D. Arbitrage
14	The current account includes	A. The value of trade in merchandise B. Services C. Unilateral transfers D. All of the above
15	When the price of foreign currency exchange is above the equilibrium level.	A. An excess demand for that currency exists in the foreign exchange market. B. An excess supply of the currency exists in the foreign exchange market C. The demand for foreign exchange shifts outward to the right D. The demand for foreign exchange shifts backward to the left.
16	Which of the following strategies have developing countries not used to deal with the problem of unstable export markets.	A. Multilateral contracts B. Production and export controls C. Buffer stock arrangements D. Tariff rate quotes
17	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.	A. Dual exchange rates B. Managed floating exchange rates C. Adjustable pegged exchange rates D. Crawling pegged exchange rates.
18	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.
19	_____ represent the most widely used tool in international finance for measuring the average value of a currency relative to a number of other currencies	A. Nominal exchange rates B. Real exchange rates C. Cross exchange rates D. Exchange rate indexes
20	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.