# PPSC Economics Full Book MCQ Test

| Sr | Questions | Answers Choice |
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| 1 | Those who argue in favor of import protection generally give the impression that such restricted trade will. | A. Decrease the level of national security<br>B. Provide benefits to some particular industry<br>C. Provide benefits to the entire nation<br>D. Not yield welfare losses for the nation |
| 2 | When one country provides most favored nation status for another if agrees to. | A. Change that nation's product a lower tariff than any other nations<br>B. Charge that nation's products a tariff rate no higher than that on any other nation.<br>C. Charge that nation's products a higher tariff than any other nation's<br>D. Export to that nation any products that it wants to purchase |
| 3 | The institutional framework developed in 1974 to promote trade liberalization is known as. | A. WTO<br>B. GATT<br>C. IMF<br>D. World bank |
| 4 | According to the cost based definition of dumping occurs when a firm sells a product abroad at a price that is less than | A. Average total cost<br>B. Average variable cost<br>C. Average fixed cost<br>D. Marginal cost |
| 5 | Nontariff trade barriers could include all of the following except. | A. Domestic content laws<br>B. Government procurement polices<br>C. Health , safety, and environmental standards<br>D. Antidumping counter/vialling duties applied to imports. |
| 6 | International dumping may involve. | A. Selling goods to foreigners at a price below that charged domestic consumers<br>B. Selling goods to foreigners at a price below the cost of production<br>C. antidumping duties being levied on the imported dumped goods<br>D. All of the above |
| 7 | Similar to import tariffs import quotas tend to result in. | A. Higher prices ad reduced imports<br>B. Increased government revenue<br>C. Increases consumer surplus<br>D. Decreased producer surplus |
| 8 | ___________ are quotas that lead to a complete abolishment of trade. | A. Nontariff barriers<br>B. Embargoes<br>C. Voluntary export restraints<br>D. Orderly marketing agreements |
| 9 | Quotas are government imposed limits on the ___ of goods trade between countries. | A. Prices<br>B. Quantity<br>C. Revenue<br>D. Costs |
| 10 | If the home country government grants a subsidy on a domestically produced good domestic producers lend to. | A. Capture the entire subsidy in the form of higher profits<br>B. Increases their level of production<br>C. Reduce wages paid to domestic workers<br>D. Consider the subsidy as an increase in production cost |
| 11 | A tariff -rate quota | A. Is a limit on the number of tariff that a country can place on imports<br>B. Uses a single tariff along with import quotas to restrict imports<br>C. Is decreased to avoid the price increase caused by simple tariffs<br>D. Is a two tier tariff system intended to restrict imports |

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| | | to restrict imports |
| 12 | Import quotas tend to result in all of the following except. | A. Domestic producers of the imported good being harmed<br>B. Domestic consumers of the imported good being harmed<br>C. Prices increasing in the importing country<br>D. Price failing in the exporting country. |
| 13 | 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<br>B. Export subsidy<br>C. Import quota<br>D. Export quota |
| 14 | If import licenses are auctioned off to domestic importers in a competitive market their scarcity value accurse to. | A. Foreign corporations<br>B. Foreign workers<br>C. Domestic corporations<br>D. The domestic government |
| 15 | The national security argument for protection is more likely to be valid when | A. The purpose is to maintain protection for an indefinite time period.<br>B. The industry is characterized by increasing returns to scale.<br>C. the economy operates during a recession<br>D. The protected industry provides invaluable goods during periods of war |
| 16 | If a small country imposes a tariff on an imported goods terms of trade will | A. Improve<br>B. worsen<br>C. Not change<br>D. any of the above |
| 17 | In today world most countries impose tariffs | A. Only on imports<br>B. Only on exports<br>C. On both imports and exports<br>D. On imports exports and nontrade goods |
| 18 | In developed countries tariffs on raw materials tend to be. | A. Highest of all<br>B. Higher than on manufactured goods<br>C. Equal to tariffs on manufactured goods<br>D. Lower than on manufactured goods |
| 19 | A tariff can ____________ raise a country's welfare | A. Never<br>B. Sometimes<br>C. always<br>D. None of the above |
| 20 | The difference between what consumers have to pay for a particular and what they are willing to pay is known as. | A. Consumer surplus<br>B. Producer surplus<br>C. Dead weight costs<br>D. Dead weight surplus |
| 21 | A tariff that prohibits imports has only | A. a revenue effect and redistribution effect<br>B. Revenue effect and protection effect<br>C. Consumption effect and protection effect<br>D. Redistribution effect and consumption effect |
| 22 | Most tariffs have | A. Only revenue effects<br>B. Only protective effects<br>C. Both protective ad revenue effects<br>D. Neither protective or revenue effects |
| 23 | Specific tariffs are collected as | A. Fixed amount of money per unit traded<br>B. a percentage of the price of the product<br>C. A percentage of the quantity of imports<br>D. All of the above |
| 24 | Ad valorem tariffs are collected as. | A. Fixed amounts of money per unit traded<br>B. A percentage of the price of the product<br>C. A percentage of the quantity of imports |

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| | | imports<br>D. All of the above |
| 25 | Which trade policy results in the government levying both a specific tariff and an advalorem tariff on imported goods. | A. Compound tariff<br>B. Nominals tariff<br>C. Effective tariff<br>D. Revenue tariff |
| 26 | A tax of 17 percent per imported item would be an example of a | A. Ad valorem tariff<br>B. Specific tariff<br>C. effective tariff<br>D. Compound tariff |
| 27 | A tax of 18 cents per unit of imported cheese would be an example of a. | A. Compound tariff<br>B. Effective tariff<br>C. Ad valorem tariff<br>D. Specific tariff |
| 28 | 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<br>B. is greater than the cost of transporting it between them<br>C. Equals the cost of transporting it between them<br>D. More information is needed to answer this question |
| 29 | According to the factor price equalization theorem, the _______ factor should oppose free trade policies in any given country. | A. Abundant<br>B. scarce<br>C. Neither<br>D. Can't tell without more information |
| 30 | The factor endowment theory was pioneered by | A. Adam Smith<br>B. David Richardo<br>C. Wassily Leontief<br>D. Ell Heckscher and Bartill Ohlim |