



Mark (T) for True & (F) for False [20 marks]

S_1.	Statements
1	All actions that focus on the well-being of others, with no thought about oneself, are considered Altruistic. it is reasonable to assert that elements of altruism are usually absent from our decision-making process.
2	Cash transactions constitute a major determinant of political finance.
3	Price theory ensured the interrelationship between the study of markets and the study of government. It cannot be applied to political competition.
4	According to the rational model, the “rational actor” chooses what options to pursue by assessing the probability of each possible outcome, discerning the utility to be derived from each, and combining all possible assessments. Accordingly, the option pursued is the one that offers the optimal combination of probability and utility. However, a more realistic model is based on the inclusion of cognitive biases, which comes from the unconscious errors generated by our mental simplification methods. An example of such biases is “availability bias”, which means “When faced with new circumstances, people naturally compare them to similar situations residing in their memory”.
5	The degree of universality of public social spending will ensure a lower income inequality.
6	In the market sector, there is a one- to- one relationship between benefits and costs; while in the public-sector, such uniform relationship doesn't necessarily exist. Furthermore, in the market place, people who supply more highly valued resources have larger income; while in the public-sector, people who own more money have larger power.
7	The market usually does not utilize large coalitions and thus it does not allow the winners to absorb the influence of the losers.
8	An ideal economist should ignore any political bias when recommending on how to improve the economic performance of a country.
9	The word value may denote the following: (1) it can refer to the utility of some particular object; and (2) it can refer to the power of purchasing other goods.
10	The scientific notion which is concerned with explaining economic activity in terms of the creation and transfer of value, and, in turn, it involves applications of the trade of goods and services between different economic agents is called “Exchange Theory”.
11	Markets with the following characteristics are considered frontier markets: (1) they are less advanced markets in the developing world; (2) They involve countries that are well-established than the emerging markets but still less established than developed markets.
12	In USA, the republican party supports the idea that economic health requires fiscal discipline monitored by the federal government.



13	Foreign Direct Investment (FDI) is considered the most stable form of the global capital flow. It is mainly concentrated on a narrow range of countries. FDI into the smaller economies (e.g., in Sub-Saharan Africa) is rising and is highly diversified.
14	According to its narrow definition, the welfare state comprises two types of government spending arrangements: (1) cash benefits to households and (2) price regulation, e.g., housing policies.
15	Compulsive shoppers are characterized by significantly low time discount rate.
16	The scientific notion of the processes that promote free trade, elimination of subsidies, elimination of price controls, and elimination of rationing systems, and, often, the downsizing or privatization of public services is called “Economic Liberalism”. It is usually associated with deregulation of most industries. It has been central to adjustment policies introduced in developing countries since the late 1970s.
17	The scientific term used to describe an investment fraud where returns to investors are paid from the invested money or money paid by subsequent investors rather than from any actual earned profit is “Ponzi schemes”.
18	The DAC defines ODA as those flows that are provided by official agencies. According to DAC, those flows should be concessional in character. A significant part of the recent growth of ODA consists of a debt relief with the purpose of restoring the attractiveness of the HIPC's to investors.
19	The range of explicit structural variables that need to be analyzed is greater in economic competition when compared with political competition.
20	The classical goal of political economy was to explain the functioning of all social institutions.



Ans.

S_1.	Ans.	Ans.
1	X	False (some elements of altruism exist in our decision-making process)
2	√	
3	X	False (separation)
4	√	
5	X	False (not necessary)
6	X	False (not necessarily who own more money have more power)
7	√	
8	√	
9	√	
10	X	False “Price Theory”
11	X	False (more established than the least developed markets but still less established than emerging markets).
12	X	False (Democrats)
13	X	False (it is undiversified).
14	X	False (cash benefits and subsidies or direct government provision of human services)
15	X	False (high)
16	√	
17	√	
18	√	
19	X	False (greater in political competition)
20	√	