# International Economics questions Part II

A country would justify erecting trade barriers, such as tariffs or quotas, to

- a. make goods cheaper
- b. expand their markets
- c. protect domestic jobs
- d. stimulate the economy

## A protective tariff is intended to protect the

- a. consumer from higher prices on foreign goods.
- b. consumer from higher priced goods produced within the country.
- c. manufacturer from higher prices on materials produced within the country.
- d. manufacturer or farmer from lower priced imported goods.

### All of these restrict international trade EXCEPT

- a. quotas.
- b. subsidies.
- c. embargoes.
- d. trade deficits.

Which statement BEST reflects the difference between tariffs and quotas?

- a. Tariffs raise prices on exports, while quotas set limits on imports.
- b. Tariffs raise prices on imports, while quotas set limits on exports.
- c. Tariffs raise prices on exports, while quotas set limits on exports.
- d. Tariffs raise prices on imports, while quotas set limits on imports.

If advisers to the French President recommend that France should place a limit on the number of American cars the French import, the likely result if such the advice were followed would be

a. France would increase its production of cars

- b. The United States would stop selling to the French
- c. The United States would increase production of cars
- d. The United States would place a limit on the amount of French imports into the United States

In 1999, the U.S. announced trade sanctions worth \$116.8 million, targeting goods from France, Germany, Italy and Denmark. The sanctions were in retaliation for a ban on U.S. hormone-treated beef by

- a. ASEAN.
- b. the EU.
- c. NAFTA.
- d. the IMF.

## A supporter of free trade would support all of these actions EXCEPT

- a. reducing quotas.
- b. reducing tariffs.
- c. imposing subsidies.
- d. eliminating embargoes.

### An exchange rate is used to

- a. promote the argument supporting free trade.
- b. promote the use of subsidies on foreign goods.
- c. determine the price of one country's imports in terms of another country's imports.
- d. determine the price of one country's currency in terms of another country's currency.

Shelby traveled to Mexico to a resort and took \$100 in U.S. currency. When she exchanged it for pesos, she received

\$1	17.28 MXN	
1 MXN	\$0.06	

- a. 60 pesos
- b. 172.8 pesos
- c. 6 pesos
- d. 1728 pesos

When a country moves from a free trade position and imposes a tariff on imports, this causes a/an

- a. decrease in revenue to the government.
- b. decrease in competition in the market and may cause prices to rise
- c. decrease in the protections for domestic jobs
- d. increase in the quantity of goods available in the market.

## A tariff is a tax placed on

- a. imported goods that raises the domestic price above the world price.
- b. imported goods that lowers the domestic price below the world price.
- c. exported goods that lowers the domestic price below the world price.
- d. exported goods that keeps the domestic price the same as the world price.

Which of the following is an argument for restricting trade?
Trade restrictions

- a. increase economic efficiency.
- b. make all Americans better off.
- c. are necessary for economic growth.
- d. are sometimes necessary for national security.

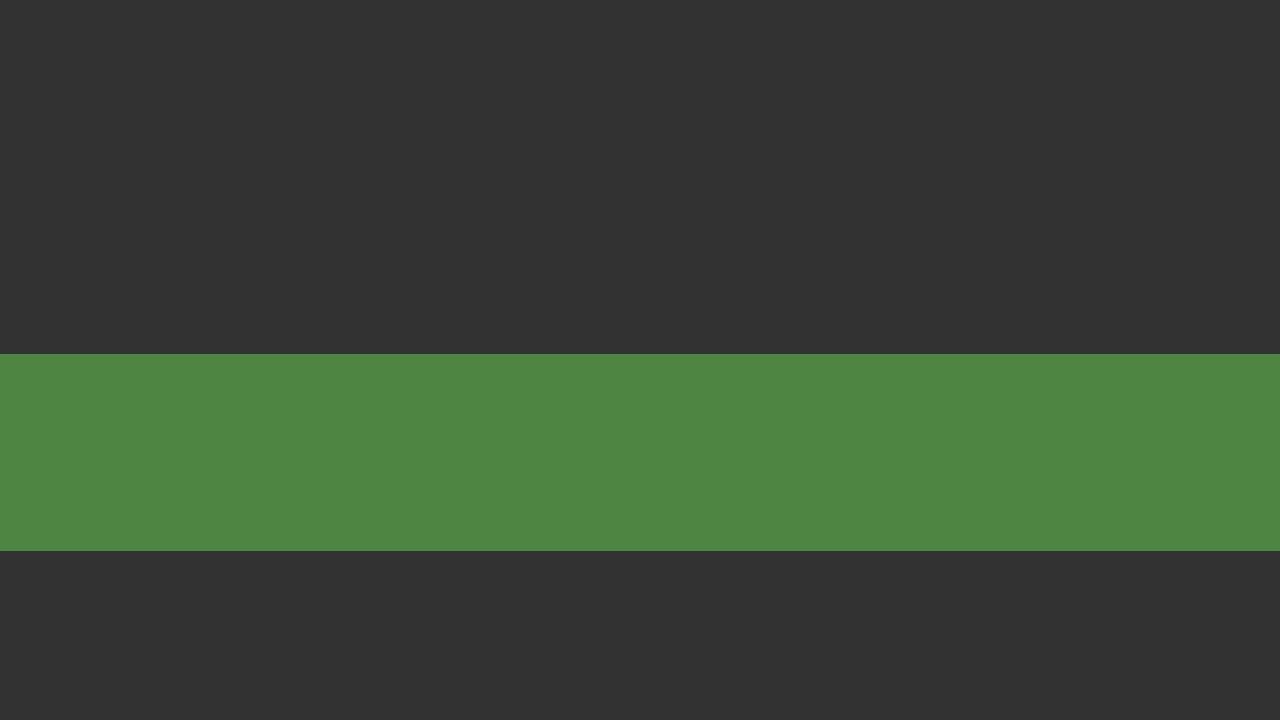
## Which currency appreciated in value from 2006 to 2007?

Year	Value of 1 euro in US dollars	Value of \$1 in euros
2006	1.25	0.79
2007	1.42	0.70

- a. both
- b. neither
- c. the euro
- d. the dollar

Which of these choices is a likely effect of a weak dollar?

- a. U.S. exports increase
- b. Europeans stop investing in American business.
- c. Travel abroad becomes more affordable for Americans.
- d. Imports rise dramatically and become more affordable.



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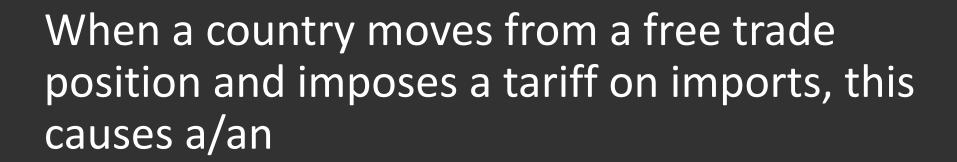
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