

# Chapter 5

## Business in a Global Economy

### Answer Key

#### Part 1: Content Review

##### Matching

1. B
2. C
3. F
4. I
5. G
6. E
7. A
8. H
9. D
10. J

##### Multiple Choice

1. A
2. D
3. B
4. C
5. B
6. A
7. B
8. C
9. C
10. D

##### Completion

1. culture
2. international trade
3. balance of payments
4. foreign exchange rate
5. trade policy
6. trade sanction
7. Mexico
8. diversity
9. intercultural communication
10. multinational corporation

## Part 2: Concept Review

### Open Response

1. Exporting is producing goods and services within a country's borders and selling them in another country. Three advantages of exporting include realizing potential new markets, increased profits, and generating jobs.
2. An absolute advantage exists when one country can produce goods more efficiently and at a lower cost than another country. For example, the United States has an absolute advantage over Costa Rica in producing wheat. Costa Rica has an absolute advantage over the United States in producing bananas. This makes it advantageous for the United States to trade wheat for bananas with Costa Rica, which results in more global trade.
3. When a US business wants to buy products from another country, it needs to exchange dollars for the other country's currency to complete the financial transaction. The reverse is true when a business in another country wants to buy products in the US. This becomes complicated because the value of each country's currency is different when compared to other currencies.
4. Trade restrictions may be used to prevent hazardous products from entering the country. They may also be used to put political pressure on foreign governments. Trade restrictions are imposed to protect domestic businesses from foreign competition.
5. Student answers will vary. Evaluate responses individually. The following is a sample. #1—Truck from Oklahoma to California. Boat from California to Japanese port. Then, truck to Takasaki. #2—Air freight from Tulsa to Tokyo. Then, truck to Takasaki. The second way, using air freight most of the way, would be fastest. The first way, using truck and boat, would be less expensive.

## Part 3: Math Skills

1. 1.6093 kilometer = 1 mile  
 $75 \text{ miles} \times 1.6093 \text{ kilometers per mile} = 120.7 \text{ kilometers per hour}$   
 The truck is travelling under the speed limit.
2. 3.28084 feet = 1 meter  
 $42 \text{ feet} \div 3.28084 \text{ feet per meter} = 12.8 \text{ meters wide}$   
 $8 \text{ feet} \div 3.28084 \text{ feet per meter} = 2.49 \text{ meters high}$
3. 1 ounce = 28.3495 grams  
 $20 \text{ ounces} = 20 \times 28.3495 \text{ grams} = 567 \text{ grams}$   
 The standard size is 567 grams.
4. 1 kilogram = 2.20462 pounds  
 $22 \text{ kilograms} \times 2.20462 \text{ pounds per kilogram} = 48.5 \text{ pounds}$   
 No fee will be charged.
5. 68 degrees Fahrenheit  
 $\text{Fahrenheit} = ((20 \times 9) \div 5) + 32$   
 $\text{Fahrenheit} = ((180) \div 5) + 32$   
 $\text{Fahrenheit} = 36 + 32$   
 $\text{Fahrenheit} = 68 \text{ degrees}$

## Part 4: Communication Skills

### Speaking

1. In fact; a matter of fact
2. Forbidden; prohibited
3. Permission to do something any way you choose
4. Face-to-face with, in relation to
5. The way things are right now
6. I am to blame
7. Face-to-face in a confrontation
8. Something for something; an even exchange
9. To a sickening degree
10. After the fact