

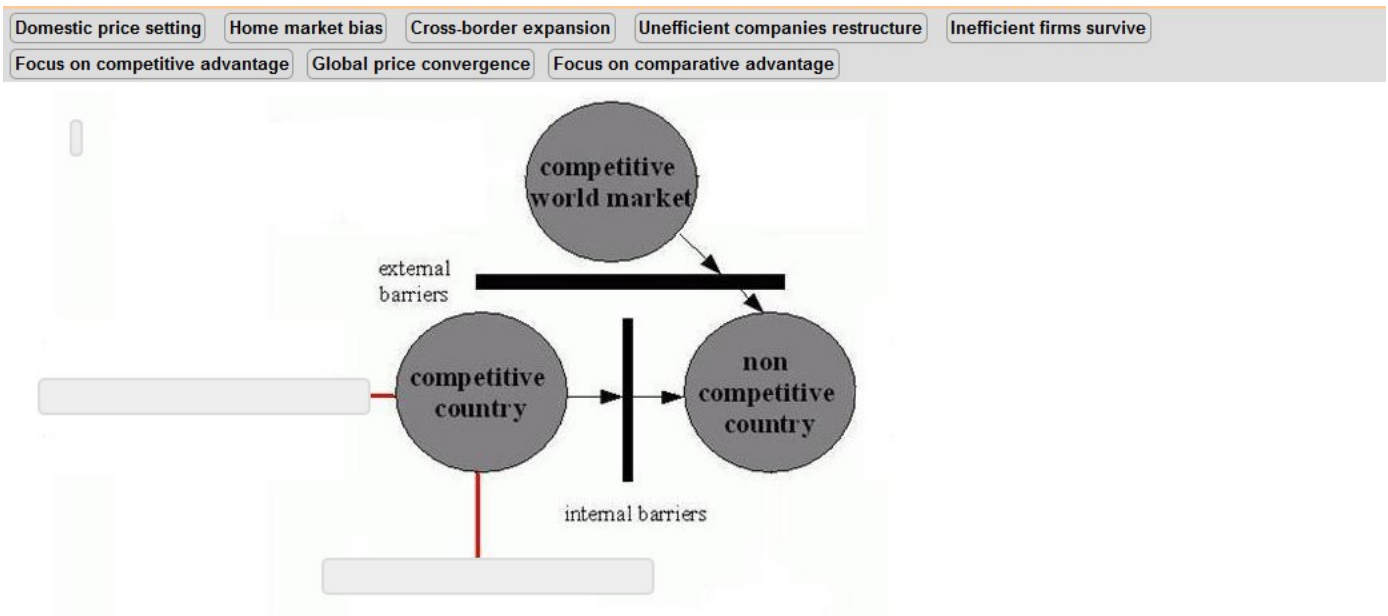
## INTERNATIONAL TRADE (MPH\_AINT)

### SAMPLE TEST

1. Trade between two countries can benefit both countries if

- A) each country enjoys superior terms of trade.
- B) each country has a more elastic demand for the imported goods.
- C) each country has a more elastic supply for the exported goods.
- D) each country produces a wide range of goods for export.
- E) each country exports that good in which it has a comparative advantage.

2. Find two typical **characteristics of a competitive country** in the model below.



3. Use the information in the table below to answer the following questions.

<u>Production per unit of Labor:</u>		
	<u>U.S.</u>	<u>Argentina</u>
Wheat	300	20
Beef	100	20

- (a) Does either country have an absolute advantage in the production of wheat or beef? Explain.
- (b) What is the opportunity cost of wheat in each country?
- (c) What is the opportunity cost of beef in each country?
- (d) Analyze comparative advantage and opportunities for trade between the U.S. and Argentina.

4. Specific tariffs are

- A) import taxes calculated based solely on the origin country.
- B) import taxes calculated as a fraction of the value of the imported goods.
- C) the same as import quotas.
- D) import taxes calculated as a fixed charge for each unit of imported goods.
- E) import taxes stated in specific legal statutes.

5. What is a TRUE statement concerning the imposition in the U.S. of a tariff on cheese?

- A) It raises the price of cheese internationally.
- B) It lowers the price of cheese domestically.
- C) it leads to higher domestic demand for cheese.
- D) It will always result in retaliation from abroad.
- E) It raises revenue for the government.

6. The General Agreement on Tariffs and Trade and the World Trade Organization have resulted in

- A) termination of export subsidies applied to manufactured goods.
- B) termination of international theft of copyrights.
- C) termination of import tariffs applied to agricultural commodities.
- D) termination of import tariffs applied to manufactures.
- E) a number of rounds of multilateral trade agreements.