

**20 Multiple choice questions**

Definition

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In most cases, increasing opportunity costs would accompany the continually increasing production of a product specialist.

- Why don't countries specialize in the production of just a few goods for which they have a comparative advantage?
- What would be expected if the tariff on foreign-produced automobiles were increased?
- What happens to the equilibrium price and quantity when a country sets a low or medium tariff or import quota?
- The long-term trend in barriers to trade can be characterized as follows:

Definition

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Trade barriers have generally been reduced, and means of trade have generally been increased.

- What would be expected if the tariff on foreign-produced automobiles were increased?
- How might international trade impact the labor demand curve and wages?
- The long-term trend in barriers to trade can be characterized as follows:
- Why don't countries specialize in the production of just a few goods for which they have a comparative advantage?

Definition

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The infant industry argument

- What is not a short-run impact of imposing quotas on the American industries they seek to protect?
- \_\_\_\_\_ means selling goods below their cost of production.
- If Argentina imports manufacturing parts from Guatemala, and Guatemala imports delivery trucks from Argentina, how could you best describe the pattern of trade?
- \_\_\_\_\_ is theoretically possible, even sensible: give an industry a short-term indirect subsidy through protection, and then reap the long-term economic benefits of having a vibrant healthy industry.

Definition

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win-win situation

- \_\_\_\_\_ means selling goods below their cost of production.
- Tariffs are taxes imposed on \_\_\_\_\_.
- International trade is fundamentally a \_\_\_\_\_.
- What is not a short-run impact of imposing quotas on the American industries they seek to protect?

Definition

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The equilibrium price and quantity will be somewhere between those that prevail with no trade and those with completely free trade.

- If Argentina imports manufacturing parts from Guatemala, and Guatemala imports delivery trucks from Argentina, how could you best describe the pattern of trade?
- What happens to the equilibrium price and quantity when a country sets a low or medium tariff or import quota?
- Why don't countries specialize in the production of just a few goods for which they have a comparative advantage?
- What would be expected if the tariff on foreign-produced automobiles were increased?

Definition

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The supply of foreign automobiles to the domestic market would be reduced, causing auto prices to rise.

- What happens to the equilibrium price and quantity when a country sets a low or medium tariff or import quota?
- What would be expected if the tariff on foreign-produced automobiles were increased?
- How might international trade impact the labor demand curve and wages?
- The long-term trend in barriers to trade can be characterized as follows:

Definition

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Dumping

- \_\_\_\_\_ means selling goods below their cost of production.
- What is the primary argument supporting protectionism?
- \_\_\_\_\_ is theoretically possible, even sensible: give an industry a short-term indirect subsidy through protection, and then reap the long-term economic benefits of having a vibrant healthy industry.
- International trade is fundamentally a \_\_\_\_\_.

Definition

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The opportunity costs of producing all oil products domestically must still be higher than importing.

- What would be expected if the tariff on foreign-produced automobiles were increased?
- Various international crises and issues periodically raise the price of oil imports, which can send ripple effects throughout the economy. While it might not be the producer that other countries are, the U.S. has vast supplies of oil. What is a likely reason it still imports oil despite the impact of these international influences on prices?
- How might international trade impact the labor demand curve and wages?
- If Argentina imports manufacturing parts from Guatemala, and Guatemala imports delivery trucks from Argentina, how could you best describe the pattern of trade?

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The opportunity cost of producing manufacturing parts in Argentina is higher than it is in Guatemala.

- Various international crises and issues periodically raise the price of oil imports, which can send ripple effects throughout the economy. While it might not be the producer that other countries are, the U.S. has vast supplies of oil. What is a likely reason it still imports oil despite the impact of these international influences on prices?
- What would be expected if the tariff on foreign-produced automobiles were increased?
- If Argentina imports manufacturing parts from Guatemala, and Guatemala imports delivery trucks from Argentina, how could you best describe the pattern of trade?
- What happens to the equilibrium price and quantity when a country sets a low or medium tariff or import quota?

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Nontariff barriers

- \_\_\_\_\_ is theoretically possible, even sensible: give an industry a short-term indirect subsidy through protection, and then reap the long-term economic benefits of having a vibrant healthy industry.
- \_\_\_\_\_ means selling goods below their cost of production.
- \_\_\_\_\_ are ways that a nation can draw up regulations, inspections, and paperwork to make it more costly or difficult to import products.
- Tariffs are taxes imposed on \_\_\_\_\_.

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Jobs will flow from industries without import protections to those with import protections.

- A tariff differs from a quota in that a tariff is:
- How does protectionism impact the job market?
- Protectionism has three main forms: tariffs, import quotas, and...
- How might international trade impact the labor demand curve and wages?

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- What is the primary argument supporting protectionism?
- The long-term trend in barriers to trade can be characterized as follows:
- \_\_\_\_\_ means selling goods below their cost of production.
- The membership of the WTO includes about \_\_\_\_\_ nations.

Definition

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50%; 75%

- \_\_\_\_\_ is theoretically possible, even sensible: give an industry a short-term indirect subsidy through protection, and then reap the long-term economic benefits of having a vibrant healthy industry.
- Despite interlocking import quotas, tariffs, and nontariff barriers, the share of apparel sold in the United States that is imported rose from about \_\_\_\_\_ in 1999 to about \_\_\_\_\_ today.
- Various international crises and issues periodically raise the price of oil imports, which can send ripple effects throughout the economy. While it might not be the producer that other countries are, the U.S. has vast supplies of oil. What is a likely reason it still imports oil despite the impact of these international influences on prices?
- If Argentina imports manufacturing parts from Guatemala, and Guatemala imports delivery trucks from Argentina, how could you best describe the pattern of trade?

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Non-Tariff barriers

- What is not a short-run impact of imposing quotas on the American industries they seek to protect?
- Protectionism has three main forms: tariffs, import quotas, and...
- International trade is fundamentally a \_\_\_\_\_.
- How does protectionism impact the job market?

Definition

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The protectionism intended to be short-term often extends further than planned.

- What is not a short-run impact of imposing quotas on the American industries they seek to protect?
- What is the primary argument supporting protectionism?
- What is an argument expressed to counter infant industry rationale for protectionism?
- What would be expected if the tariff on foreign-produced automobiles were increased?

Definition

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government tax revenues increase

- What is the primary argument supporting protectionism?
- Why don't countries specialize in the production of just a few goods for which they have a comparative advantage?
- What is not a short-run impact of imposing quotas on the American industries they seek to protect?
- What would be expected if the tariff on foreign-produced automobiles were increased?

Definition

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imported products

- A tariff differs from a quota in that a tariff is:
- What is the primary argument supporting protectionism?
- International trade is fundamentally a \_\_\_\_\_.
- Tariffs are taxes imposed on \_\_\_\_\_.

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a tax imposed on imports, whereas a quota is an absolute limit to the number of units of a good that can be imported.

- A tariff differs from a quota in that a tariff is:
- What would be expected if the tariff on foreign-produced automobiles were increased?
- Tariffs are taxes imposed on \_\_\_\_\_.
- How might international trade impact the labor demand curve and wages?

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Workers in industries impacted by imported products will see the demand curve shift left and wages decrease.

- What would be expected if the tariff on foreign-produced automobiles were increased?
- How might international trade impact the labor demand curve and wages?
- The long-term trend in barriers to trade can be characterized as follows:
- A tariff differs from a quota in that a tariff is:

Definition

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Free trade can lead to job loss and lower wages.

- Tariffs are taxes imposed on \_\_\_\_\_.
- What is the primary argument supporting protectionism?
- The long-term trend in barriers to trade can be characterized as follows:
- What is not a short-run impact of imposing quotas on the American industries they seek to protect?