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| 1. A primary reason why nations conduct international trade is because:   |  |  |  | | --- | --- | --- | |  | a. | Some nations prefer to produce one thing while others produce other things | |  | b. | Resources are not equally distributed among all trading nations | |  | c. | Trade enhances opportunities to accumulate profits | |  | d. | Interest rates are not identical in all trading nations |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Globalization of Economic Activity | | *KEYWORDS:* | BLOOM'S: Knowledge | |

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| 2. A main advantage of specialization results from:   |  |  |  | | --- | --- | --- | |  | a. | Economies of large-scale production | |  | b. | The specializing country behaving as a monopoly | |  | c. | Smaller production runs resulting in lower unit costs | |  | d. | High wages paid to foreign workers |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Why is Globalization Important? | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 3. International trade in goods and services is sometimes used as a substitute for all of the following except:   |  |  |  | | --- | --- | --- | |  | a. | International movements of capital | |  | b. | International movements of labor | |  | c. | Domestic production of the same goods and services | |  | d. | Domestic production of different goods and services |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Globalization of Economic Activity | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 4. If a nation has an open economy, it means that the nation:   |  |  |  | | --- | --- | --- | |  | a. | Allows private ownership of capital | |  | b. | Has flexible exchange rates | |  | c. | Has fixed exchange rates | |  | d. | Conducts trade with other countries |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | The United States as an Open Economy | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 5. International trade forces domestic firms to become more competitive in terms of:   |  |  |  | | --- | --- | --- | |  | a. | The introduction of new products | |  | b. | Product design and quality | |  | c. | Product price | |  | d. | All of the above |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | The United States as an Open Economy | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 6. The movement to free international trade is most likely to generate short-term unemployment in which industries?   |  |  |  | | --- | --- | --- | |  | a. | Industries in which there are neither imports nor exports | |  | b. | Import-competing industries | |  | c. | Industries that sell to domestic and foreign buyers | |  | d. | Industries that sell to only foreign buyers |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Globalization and Competition | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 7. International trade is based on the idea that:   |  |  |  | | --- | --- | --- | |  | a. | Exports should exceed imports | |  | b. | Imports should exceed exports | |  | c. | Resources are more mobile internationally than are goods | |  | d. | Resources are less mobile internationally than are goods |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Globalization of Economic Activity | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 8. Most of the world's population now lives in countries that are:   |  |  |  | | --- | --- | --- | |  | a. | integrated into world markets | |  | b. | becoming integrated into world markets | |  | c. | near poverty | |  | d. | a and b |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Is International Trade an Opportunity or Threat to Workers? | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 9. International trade benefits:   |  |  |  | | --- | --- | --- | |  | a. | all workers | |  | b. | most workers | |  | c. | many workers | |  | d. | None of these is correct |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Is International Trade an Opportunity or Threat to Workers? | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 10. The largest amount of trade with the United States in recent years has been conducted by:   |  |  |  | | --- | --- | --- | |  | a. | Canada | |  | b. | Germany | |  | c. | Chile | |  | d. | United Kingdom |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | The United States as an Open Economy | | *KEYWORDS:* | BLOOM'S: Knowledge | |

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| 11. Increased foreign competition tends to:   |  |  |  | | --- | --- | --- | |  | a. | Intensify inflationary pressures at home | |  | b. | Induce falling output per worker-hour for domestic workers | |  | c. | Place constraints on the wages of domestic workers | |  | d. | Increase profits of domestic import-competing industries |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Globalization and Competition | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 12. \_\_\_\_ is the ability of a firm/industry, under free and fair market conditions, to design, produce, and market goods and services that are better and/or cheaper than those of other firms/industries.   |  |  |  | | --- | --- | --- | |  | a. | Competitiveness | |  | b. | Protectionism | |  | c. | Comparative advantage | |  | d. | Absolute advantage |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Globalization and Competition | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 13. A firm's \_\_\_\_, relative to that of other firms, is generally regarded as the most important determinant of competitiveness.   |  |  |  | | --- | --- | --- | |  | a. | Income level | |  | b. | Tastes and preferences | |  | c. | Governmental regulation | |  | d. | Productivity |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Globalization and Competition | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 14. Free traders maintain that an open economy is advantageous in that it provides all of the following except:   |  |  |  | | --- | --- | --- | |  | a. | Increased competition for world producers | |  | b. | A wider selection of products for consumers | |  | c. | The utilization of the most efficient production methods | |  | d. | Relatively high wage levels for all domestic workers |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Why is Globalization Important? | | *OTHER:* | BLOOM'S: Comprehension | |

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| 15. Regarding the applicability of free trade to cigarettes, it is correct to say:   |  |  |  | | --- | --- | --- | |  | a. | the rules of free trade apply to cigarettes | |  | b. | the rules of free trade should not apply to cigarettes | |  | c. | a and b are the topic of current debate | |  | d. | ​there are special rules applying to cigarettes world-wide |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Does Free Trade Apply to Cigarettes? | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 16. Human rights activists contend that this organization supports governments that permit sweatshops:   |  |  |  | | --- | --- | --- | |  | a. | The International Organization for Standardization | |  | b. | The International Monetary Fund | |  | c. | The World Health Organization | |  | d. | All of these |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Backlash Against Globalization | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 17. For a nation to maximize its productivity in a global economy:   |  |  |  | | --- | --- | --- | |  | a. | Only imports are necessary | |  | b. | Only exports are necessary | |  | c. | Both imports and exports are necessary | |  | d. | Neither imports nor exports are necessary |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Why is Globalization Important? | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 18. Economists have generally found that economic growth rates have a close relation to:   |  |  |  | | --- | --- | --- | |  | a. | openness to trade | |  | b. | education | |  | c. | communications infrastructure | |  | d. | all of these |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Why is Globalization Important? | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 19. With globalization and import competition, U.S. prices have generally:   |  |  |  | | --- | --- | --- | |  | a. | increased | |  | b. | decreased | |  | c. | remained stable | |  | d. | all of these at various times |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Why is Globalization Important? | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 20. Open economies have more:   |  |  |  | | --- | --- | --- | |  | a. | competition | |  | b. | firm turnover | |  | c. | new firms entering the market | |  | d. | all of these |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | ^1 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Why is Globalization Important? | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 21. The United States was less open to international trade between:   |  |  |  | | --- | --- | --- | |  | a. | 1890 and 1910 | |  | b. | 1930 and 1950 | |  | c. | 1890 and 1950 | |  | d. | 1950 and 2013 |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | The United States as an Open Economy | | *KEYWORDS:* | BLOOM'S: Knowledge | |

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| 22. Producing goods for export produces:   |  |  |  | | --- | --- | --- | |  | a. | jobs | |  | b. | income | |  | c. | tariffs | |  | d. | a and b |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Is International Trade an Opportunity or Threat to Workers? | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 23. A sudden shift from import tariffs to free trade may induce short-term unemployment in:   |  |  |  | | --- | --- | --- | |  | a. | Import-competing industries | |  | b. | Industries that are only exporters | |  | c. | Industries that sell domestically as well as export | |  | d. | Industries that neither import nor export |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Is International Trade an Opportunity or Threat to Workers? | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 24. As an economy opens up to international trade, domestic prices:   |  |  |  | | --- | --- | --- | |  | a. | become lower | |  | b. | become more aligned with international prices | |  | c. | stabilize | |  | d. | none of the above; what will happen cannot be predicted |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Is International Trade an Opportunity or Threat to Workers? | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 25. Studies have shown that there is an inverse relationship between   |  |  |  | | --- | --- | --- | |  | a. | Local competition and regional competition | |  | b. | Regional competition and global competition | |  | c. | level of trade barriers and economic growth | |  | d. | level of education and communications infrastructure |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Why is Globalization Important? | | *KEYWORDS:* | BLOOM'S: Knowledge | |

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| 26. Economic interdependence occurs through   |  |  |  | | --- | --- | --- | |  | a. | trade | |  | b. | labor migratin | |  | c. | capital flows | |  | d. | all of these |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Waves of Globalization | | *KEYWORDS:* | BLOOM'S: Knowledge | |

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| 27. Small countries tend to have higher measures of openness than larger countries because:   |  |  |  | | --- | --- | --- | |  | a. | their productivity is higher | |  | b. | they are more reliant on international trade | |  | c. | they are less reliant on international trade | |  | d. | they are more diverse |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | The United States as an Open Economy | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 28. Following World War II, The U.S.:   |  |  |  | | --- | --- | --- | |  | a. | became less open | |  | b. | negotiated reductions in trade barriers with other countries | |  | c. | passed a number of protective tariffs | |  | d. | concentrated on armament production |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | The United States as an Open Economy | | *KEYWORDS:* | BLOOM'S: Knowledge | |

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| 29. A closed economy is one in which:   |  |  |  | | --- | --- | --- | |  | a. | Imports exactly equal exports, so that trade is balanced | |  | b. | Domestic firms invest in industries overseas | |  | c. | The home economy is isolated from foreign trade | |  | d. | Saving exactly equals investment at full employment |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | The United States as an Open Economy | | *KEYWORDS:* | BLOOM'S: Knowledge | |

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| 30. During the last century, the relative importance of international trade for the U.S. has:   |  |  |  | | --- | --- | --- | |  | a. | significantly increased | |  | b. | slightly increased | |  | c. | significantly decreased | |  | d. | slightly decreased |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | The United States as an Open Economy | | *KEYWORDS:* | BLOOM'S: Knowledge | |

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| 31. Which of the following is a fallacy of international trade?   |  |  |  | | --- | --- | --- | |  | a. | Trade is a zero-sum activity | |  | b. | Exports increase employment in exporting industries | |  | c. | Import restrictions increase employment in import-competing industries | |  | d. | Tariffs and quotas reduce trade volume |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Common Fallicies of International Trade | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 32. Foreign ownership of U.S. financial assets   |  |  |  | | --- | --- | --- | |  | a. | Has decreased since the 1960's | |  | b. | Has increased since the 1960's | |  | c. | Has made the U.S. a net borrower since the late 1980's | |  | d. | Both a and c |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | The United States in an Open Economy | | *KEYWORDS:* | BLOOM'S: Knowledge | |

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| 33. The first wave of globalization was brought to an end by   |  |  |  | | --- | --- | --- | |  | a. | The Great Depression | |  | b. | The Second World War | |  | c. | The First World War | |  | d. | The Smoot-Hawley Act |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Waves of Globalization | | *KEYWORDS:* | BLOOM'S: Knowledge | |

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| 34. Important trading partners of the United States include Canada, Mexico, Japan, and China.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | The United States as an Open Economy | | *KEYWORDS:* | BLOOM'S: Knowledge | |

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| 35. Multilateral trade negotiations have led to   |  |  |  | | --- | --- | --- | |  | a. | Continued trade liberalization | |  | b. | Financial liberalization | |  | c. | Increased investment | |  | d. | All of the above |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Globalization of Economic Activity | | *KEYWORDS:* | BLOOM'S: Knowledge | |

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| 36. The United States exports a larger percentage of its gross domestic product than Japan, Germany, and Canada.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Easy | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | The United States as an Open Economy | | *KEYWORDS:* | BLOOM'S: Knowledge | |

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| 37. Opening the economy to international trade tends to lessen inflationary pressures at home.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Why is Globalization Important? | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 38. The benefits of international trade accrue in the forms of lower domestic prices, development of more efficient methods and new products, and a greater range of consumption choices.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Why is Globalization Important? | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 39. In an open trading system, a country will import those commodities that it produces at relatively low cost while exporting commodities that can be produced at relatively high cost.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | The United States as an Open Economy | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 40. Although free trade provides benefits for consumers, it is often argued that import protection should be provided to domestic producers of strategic goods and materials vital to the nation's security.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Globalization of Economic Activity | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 41. In the long run, competitiveness depends on an industry's natural resources, its stock of machinery and equipment, and the skill of its workers in creating goods that people want to buy.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Globalization and Competition | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 42. If a nation has an open economy, it means that the nation allows private ownership of capital.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | The United States as an Open Economy | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 43. Increased foreign competition tends to increase profits of domestic import-competing companies.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Challenging | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Globalization and Competition | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 44. Current trade rules permit countries to enact measures to protect the health and safety of their citizens as long as all goods are treated equally, the tobacco companies argue.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Does Free Trade Apply to Cigarettes? | | *KEYWORDS:* | BLOOM'S: Knowledge | |

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| 45. What is the most important factor which contributes to competitiveness?   |  |  | | --- | --- | | *ANSWER:* | Key to the concept of competitiveness is productivity, or output per worker hour. | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Globalization and Competition | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 46. What are the challenges of the international trading system?   |  |  | | --- | --- | | *ANSWER:* | Among the challenges that the international trading system faces are dealing with fair labor standards and concerns about the environment. | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Backlash Against Globalization | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 47. Does exposure to competition with the world leader in a particular industry improve a firm's productivity?   |  |  | | --- | --- | | *ANSWER:* | The McKinsey institute found that higher productivity rested on the ability of mangers to invent new and ever more efficient ways of making products and on the ability of engineers to design products that are easy to make. The institute researchers observed that in the auto industry in Japan or the food industry in the United States, managers and engineers do not achieve innovations because they are smarter work harder or are better educated than their peers. They do so because they are subjected to intense global competition, where improving labor productivity is the key to success. | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Globalization and Competition | | *KEYWORDS:* | BLOOM'S: Comprehension | |

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| 48. What are the essential arguments in favor of free trade?   |  |  | | --- | --- | | *ANSWER:* | Proponents of an open trading system contend that international trade results in higher levels of consumption and investment, lower prices of commodities, and a wider range of product choices for consumers. Trade also enables workers to become more productive, and wages of workers whose skills are more scarce internationally tend to rise. | | *POINTS:* | 1 | | *DIFFICULTY:* | Moderate | | *NATIONAL STANDARDS:* | United States - BUSPROG: Diversity | | *STATE STANDARDS:* | United States - PA - DISC: Gains from trade, speciali - DISC: Gains from trade, specialization and trade | | *TOPICS:* | Why is Globalization Important? | | *KEYWORDS:* | BLOOM'S: Comprehension | |