

Mcq^s
B.A Third Year (Semester V)
Economics
Paper 109 – International trade

1. A primary reason why nations conduct international trade is because:

Answer -Some nations prefer to produce one thing while others produce other things

2. A main advantage of specialization results from:

Answer -Economies of large-scale production

3. International trade in goods and services is sometimes used as a substitute for all of the following except:

Answer -Domestic production of different goods and services

4. If a nation has an open economy, it means that the nation:

Answer -Conducts trade with other countries

5. International trade forces domestic firms to become more competitive in terms of:

Answer -International trade forces domestic firms to become more competitive in terms of: Product design and quality

6. The movement to free international trade is most likely to generate short-term unemployment in which industries?

Answer -Import-competing industries

7. International trade is based on the idea that:

Answer -Resources are less mobile internationally than are goods

8. Arguments for free trade are sometimes disregarded by politicians because:

Answer -Maximizing consumer welfare may not be a chief priority

9. How much physical output a worker produces in an hour's work depends on:

Answer -The worker's motivation and skill
10. The largest amount of trade with the United States in recent years Answer -has been conducted by:
Canada
11. Increased foreign competition tends to:
Answer -Place constraints on the wages of domestic workers
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.
Answer -Competitiveness
13. A firm's _____, relative to that of other firms, is generally regarded as the most important determinant of competitiveness.
Answer -Productivity
14. Free traders maintain that an open economy is advantageous in that it provides all of the following except:
Answer -A wider selection of products for consumers
15. Recent pressures for protectionism in the United States have been motivated by all of the following except:
Answer -High profit levels for American corporations
16. International trade tends to cause welfare losses to at least some groups in a country:
Answer -The less mobile the country's resources
17. For a nation to maximize its productivity in a global economy:
Answer -Both imports and exports are necessary
18. A feasible effect of international trade is that:
Answer -A monopoly in the home market becomes an oligopoly in the world market
19. International trade in goods and services tends to:

Answer -Lessen the amount of competition facing home manufacturers
20. The real income of domestic producers and consumers can be increased by:
Answer -Technological progress and international trade
21. In the United States, automobiles are:
Answer - Imported and exported
22. Technological improvements are similar to international trade since they both:
Answer -Increase the nation's aggregate income
23. A sudden shift from import tariffs to free trade may induce short-term unemployment in:
Answer -Import-competing industries
24. Recent empirical studies indicate that productivity performance in industries is:
Answer -Directly related to globalization of industries
25. Empirical research indicates that _____ best enhances productivity gains for firms and industries.
Answer -Global competition
26. By the mid-1990s, _____ banks had become the world's largest in terms of total assets.
Answer -Japanese
27. A reduced share of the world export market for the United States would be attributed to:
Answer -Decreased productivity in U.S. manufacturing
28. The dominant trading nation in the world market following World War II was:
Answer -United States
29. A closed economy is one in which:

Answer -The home economy is isolated from foreign trade

30. Relative to countries with low ratios of exports to gross domestic product, countries having high export to gross domestic product ratios are _____ vulnerable to changes in the world market.

Answer -More