

## Feedback — Week Nine Quiz

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You submitted this quiz on **Mon 17 Mar 2014 7:53 AM PDT**. You got a score of **20.00** out of **20.00**.

### Question 1

A country that can produce a good at a lower cost than another country has what kind of advantage in the production of that good.

Your Answer	Score	Explanation
<input type="radio"/> Relative		
<input checked="" type="radio"/> Absolute	✓ 1.00	
<input type="radio"/> Don't know		
<input type="radio"/> Comparative		
Total	1.00 / 1.00	

### Question 2

The theory of comparative advantage predicts that:

Your Answer	Score	Explanation
<input checked="" type="radio"/> A country with an absolute advantage over another country in all goods will benefit from trade.	✓ 1.00	
<input type="radio"/> A country with an absolute advantage over another country in all goods will not benefit from trade.		

☐ Don't know

☐ Only the country with no absolute advantage will benefit from trade.

Total	1.00 /
	1.00

### Question 3

The age-old political problem with free trade is this:

Your Answer	Score	Explanation
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☐ 1. Domestic industries that gain jobs and profits from increased exports will use their political power to protect their industries.

☐ 2. Domestic industries that suffer job losses from imports will use their political power to protect their industries.

☐ 3. Domestic consumers that benefit from cheaper imports may be less politically powerful than the domestic industries that suffer job losses.

☐ All of the above

<input checked="" type="radio"/> 2 & 3 only	✓ 1.00
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Total	1.00 /
	1.00

### Question 4

A quota may be defined as:

Your Answer	Score	Explanation
<input checked="" type="radio"/> A specific numerical restriction on imports	✓ 1.00	
<input type="radio"/> A tax levied on imports.		
<input type="radio"/> Both		
<input type="radio"/> Don't know		
Total	1.00 / 1.00	

## Question 5

If a tariff is imposed on imports, which of these statements will be true:

Your Answer	Score	Explanation
<input type="radio"/> 1. Consumers pay higher prices		
<input type="radio"/> 2. Imports fall		
<input type="radio"/> 3. Domestic producers see profits fall		
<input type="radio"/> All of the above		
<input checked="" type="radio"/> 1 & 2 only	✓ 1.00	
<input type="radio"/> Don't know		
Total	1.00 / 1.00	

## Question 6

If a tariff is replaced with a quota, which of these statements is true?

Your Answer	Score	Explanation
<input type="radio"/> Foreign producers lose and the domestic government gains		
<input type="radio"/> Both foreign producers and the domestic government loses		
<input checked="" type="radio"/> Foreign producers gain and the domestic government loses	✓ 1.00	
<input type="radio"/> Don't know		
Total	1.00 / 1.00	

## Question 7

In general, which is more likely to be used as a form of protectionism because of political reasons.

Your Answer	Score	Explanation
<input type="radio"/> Don't know		
<input type="radio"/> Price supports		
<input checked="" type="radio"/> Quotas	✓ 1.00	
<input type="radio"/> Tariffs		
Total	1.00 / 1.00	

## Question 8

Dumping occurs when:

Your Answer	Score	Explanation
<input type="radio"/> Don't know		
<input checked="" type="radio"/> Foreign producers sell exports below the cost of production to penetrate markets.	✓ 1.00	
<input type="radio"/> Producers sell off excess inventories at bargain prices		
<input type="radio"/> Domestic producers sell products below the cost of production to fend off imports		
Total	1.00 / 1.00	

## Question 9

Strategically, dumping makes sense if it:

Your Answer	Score	Explanation
<input type="radio"/> 1. Drives competitors out of a market and allows the dumper to seize that market.		
<input type="radio"/> 2. Provides the dumper with monopoly power to raise prices.		
<input type="radio"/> 3. Allows the dumper to earn long term profits that offset earlier losses.		
<input checked="" type="radio"/> All of the above	✓ 1.00	
<input type="radio"/> 1 & 2 only		
Total	1.00 / 1.00	

## Question 10

If one country engages in protectionism or dumping, retaliation may be a legitimate response.

Your Answer	Score	Explanation
<input type="radio"/> False		
<input checked="" type="radio"/> True	✓ 1.00	
<input type="radio"/> Don't know		
Total	1.00 / 1.00	

## Question 11

The use of restrictions or regulations that make it difficult for countries to sell their goods in foreign markets falls under the category of:

Your Answer	Score	Explanation
<input type="radio"/> Don't know		
<input type="radio"/> Tariffs		
<input checked="" type="radio"/> Non-tariff barriers	✓ 1.00	
<input type="radio"/> Quotas		
Total	1.00 / 1.00	

## Question 12

Under the Ricardian Free Trade Model, two countries that engage in unrestricted free trade and

follow the principles of comparative advantage will both experience gains from trade.

Your Answer	Score	Explanation
<input checked="" type="radio"/> True	✓ 1.00	
<input type="radio"/> False		
<input type="radio"/> Don't know		
Total	1.00 / 1.00	

## Question 13

If two countries engage in trade and one protects its own markets while subsidizing its exports:

Your Answer	Score	Explanation
<input type="radio"/> Don't know		
<input type="radio"/> Both countries will lose		
<input type="radio"/> Both countries will still gain		
<input checked="" type="radio"/> Only the cheating country will gain	✓ 1.00	
Total	1.00 / 1.00	

## Question 14

Which of these practices are illegal under the rules of international trade?

Your Answer	Score	Explanation
<input type="radio"/> Currency manipulation		

☐ Illegal export subsidies

☐ Piracy

☐ Forced technology transfer

☒ All of the above



1.00

☐ Don't know

Total

1.00 / 1.00

## Question 15

It takes Germany 100 labor hours to produce an automobile and 200 labor hours to produce an airplane. In contrast, it takes Canada 300 labor hours to produce an automobile and 400 labor hours to produce an airplane. Which statement is true?

**Your Answer**

**Score**

**Explanation**

☒ Germany has a comparative advantage in autos and Canada has a comparative advantage in airplanes.



1.00

☐ Germany has an absolute advantage in both autos and airplanes

☐ Don't know

☐ Canada has an absolute advantage in both autos and airplanes

Total

1.00 /

1.00

## Question 16



Which statement(s) accurately summarize the principle of comparative advantage?

Your Answer	Score	Explanation
<input type="radio"/> 1. Each country will benefit if it specializes in the export of those goods that it can produce at relatively low cost.		
<input type="radio"/> 2. Each country will benefit if it imports those goods that it produces at relatively high cost.		
<input checked="" type="radio"/> Both 1 & 2	✓ 1.00	
<input type="radio"/> Don't know		
Total	1.00 / 1.00	

## Question 17

The “deadweight loss” from a tariff equals:

Your Answer	Score	Explanation
<input type="radio"/> Loss in producer surplus minus loss in consumer surplus		
<input type="radio"/> Gain in producer surplus minus loss in consumer surplus		
<input type="radio"/> Don't know		
<input checked="" type="radio"/> Loss in producer surplus plus loss in consumer surplus	✓ 1.00	
Total	1.00 / 1.00	

## Question 18

In the context of free trade, a zero sum game may be defined as a game in which:

Your Answer	Score	Explanation
<input type="radio"/> Don't know		
<input type="radio"/> Both trading partner loses		
<input checked="" type="radio"/> One trading partner gains at the expense of another	✓ 1.00	
<input type="radio"/> Both countries gain		
Total	1.00 / 1.00	

## Question 19

Shielding young domestic firms from the severe competition of more mature and more efficient foreign firms to give these firms a chance to develop and become efficient producers is called the:

Your Answer	Score	Explanation
<input checked="" type="radio"/> Infant industry argument	✓ 1.00	
<input type="radio"/> Mercantilist argument		
<input type="radio"/> Don't know		
<input type="radio"/> National defense argument		
Total	1.00 / 1.00	

## Question 20

U.S. Congressmen Smoot and Hawley are most infamous for helping to trigger what major economic event?

Your Answer	Score	Explanation
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<input type="radio"/> The Bank Run of 1907		
<input checked="" type="radio"/> The Great Depression of the 1930s	✓	1.00
<input type="radio"/> Don't know		
<input type="radio"/> The Great Recession of the late 2000s		
Total		1.00 / 1.00

