

Study Questions
(with Answers)

Lecture 8
U.S. Trade Policies and Institutions

Part 1: Multiple Choice

Select the **best** answer of those given.

1. Which of the following is **not** one of the parts of the U.S. government that deals with issues of international trade?
 - a. Department of International Trade
 - b. United States Trade Representative
 - c. Commerce Department
 - d. International Trade Commission
 - e. Senate Finance Committee

Ans. a

2. Which of the following products is **not** subject to high tariffs or restrictive import quotas in the United States?
 - a. Sugar
 - b. Peanuts
 - c. Soybeans
 - d. Cotton
 - e. Dairy

Ans.: c

3. The Escape Clause permits the United States to
- Resign from the World Trade Organization.
 - Limit imports in an industry if they are causing injury to domestic interests.
 - Limit imports in an industry if those imports are being priced unfairly.
 - Shift its trade in a good to a different trading partner.
 - Provide extended unemployment compensation to workers displaced by trade.

Ans.: b

4. Regarding the GSP, Glassman argues that it is “illogical” because
- It grants tariff preferences to rich countries.
 - It violates MFN.
 - The US cannot afford to lose tariff revenue from the government budget.
 - It hurts the countries that it is supposed to help.
 - It benefits countries that oppose the US in trade negotiations.

Ans.: e

5. Trade Adjustment Assistance
- Is money given by the WTO to developing countries to help them implement their obligations as members.
 - Is assistance provided by the World Bank to countries seeking to subsidize their exports.
 - Is a permanent subsidy given by the U.S. government to firms so that they can avoid closing down in the face of import competition.
 - Includes extended unemployment compensation for workers laid off due to increased imports.
 - Is a popular form of industrial policy, designed to help strong firms become even more competitive on world markets.

Ans.: d

6. Anti-dumping duty is
- a. Tariff on imports that are in excess supply in foreign markets.
 - b. The international agreement not to dispose of waste products in international waters.
 - c. Levied whenever imports cause injury to domestic firms or workers.
 - d. A tax on exports from abroad equal to the difference between their price in their home market and their price for export.
 - e. A requirement imposed by the International Monetary Fund on countries requesting assistance, designed to prevent them from undermining IMF objectives.

Ans: d

7. According to those who are in favor of anti-dumping laws, which of the following is **not** an example of “trade distorting practices” that contribute to unfair trade?
- a. Tariffs
 - b. Anti-dumping duties
 - c. Cartels
 - d. NTBs
 - e. Subsidies

Ans: b

8. In September 2009, the US imposed _____ on exports of _____ from China.
- a. Antidumping duties; steel
 - b. Safeguard tariffs; tires
 - c. Countervailing duties; chicken
 - d. MFN tariffs; all manufactured goods
 - e. Reduced tariffs; underwear

Ans: b