

### Quiz I

- T F 1. The ability to produce a specific product more efficiently than any other nation is called *comparative advantage*.
- T F 2. International business consists of all business activities that involve exchanges across national boundaries.
- T F 3. The balance of trade is the total value of a country's exports less the total value of its imports, over some period of time.
- T F 4. An argument for trade restriction is that it protects national security.
- T F 5. The General Agreement on Tariffs and Trade is an international organization whose goal is to reduce or eliminate tariffs and other barriers to world trade.
- \_\_\_\_\_ 6. The selling and shipping of raw materials or products to other nations is called
- importing.
  - exporting.
  - balance of trade.
  - balance of payments.
- \_\_\_\_\_ 7. A type of trade restriction that limits the amount of a particular good that may be imported into a country during a given period of time is
- a tariff.
  - an import quota.
  - an embargo.
  - foreign-exchange control.
- \_\_\_\_\_ 8. An organization of nations formed to promote the free movement of resources and products among its members and to create common economic policies is
- European Free Trade.
  - OPEA.
  - an economic community.
  - LAFT.
- \_\_\_\_\_ 9. A firm that operates on a worldwide scale is called
- a multinational enterprise.
  - a multilateral development.
  - the Export-Import Bank of the United States.
  - the International Monetary Fund.
- \_\_\_\_\_ 10. Which of the following arranges the sale of products to foreign intermediaries for a commission or fee?
- An export/import merchant
  - An export/import agent
  - Sales office or branches
  - Joint venture

## Quiz II

- T F 1. An absolute advantage is the ability to produce a specific product more efficiently than any other products.
- T F 2. The balance of payments is the total value of a country's exports less the total value of its imports.
- T F 3. Exporting is purchasing raw materials or products in other nations and bringing them into one's own country.
- T F 4. An argument against trade restrictions is that they limit consumers' choices.
- T F 5. Licensing is a contractual agreement in which one firm permits another to produce and market its product and to use its brand name in return for a royalty or other compensation.
- \_\_\_\_\_ 6. A reduction of the value of a nation's currency relative to the currencies of other countries is called
- an embargo.
  - foreign-exchange control.
  - currency devaluation.
  - a quota.
- \_\_\_\_\_ 7. Which of the following extends and guarantees credit to overseas buyers of American goods and services, guarantees short-term financing for export, and discounts negotiable instruments that arise from export transactions?
- Eximbank
  - International Monetary Fund
  - Multilateral development banks
  - Bank of Washington, D.C.
- \_\_\_\_\_ 8. An argument against trade restriction is
- to retaliate for another nation's trade restrictions.
  - to protect new or weak industries.
  - to protect national security.
  - misallocation of international resources.
- \_\_\_\_\_ 9. An international bank that makes short-term loans to countries experiencing balance-of-payment deficits is the
- Eximbank.
  - International Monetary Fund.
  - Export-Import Bank of the United States.
  - multilateral development bank.
- \_\_\_\_\_ 10. A partnership with a foreign country that can provide immediate market knowledge and access, reduced risk, and control over product attributes is a(n)
- multinational enterprise.
  - economic community.
  - joint venture.
  - syndicate.