

JA Economics®

Quiz: Post-Theme 4.2: Trade Policies: Beyond Free Trade

Circle the best answer for each question.

1. Which choice can the U.S. government or Federal Reserve System make to encourage free trade?

- a. Create trade barriers.
- b. Enter into trade agreements.
- c. Lower interest rates.
- d. Lower or raise income taxes.

2. Which trade tools are available in U.S. trade policy?

- a. Buy or sell U.S. Treasury bonds.
- b. Buy or sell U.S. stocks.
- c. Increase the amount of currency in circulation.
- d. Form or revise trade agreements.

3. What is NOT a regional or worldwide trade agreement or organization?

- a. EU
- b. FED
- c. NAFTA
- d. WTO

4. What is a likely result of the U.S. tariffs on steel and aluminum instituted in 2018?

- a. Countries targeted with the U.S. tariffs will lower their prices. Many companies will pass these savings on to their customers.
- b. Most countries will ask for waivers to the tariffs.
- c. The tariffs will create pressure on competitors to raise their tariffs, increasing the price of all imported goods.
- d. Countries targeted with the U.S. tariffs will raise their tariffs, which will require the U.S. to respond through military pressure.

5. Which statement expresses economic reasoning in considering trade barriers versus free trade?

- a. Trade barriers improve factory working conditions.
- b. Trade barriers could stimulate innovation if they help new U.S. industries compete against foreign industries that are government subsidized.
- c. Trade barriers endanger U.S. world leadership.
- d. U.S. workers can't compete with labor in other countries.