

JA Economics®

Quiz: Post-Theme 4.1: International Trade

Circle the best answer for each question.

- 1. What would a closed economy supporter say is a positive reason for a closed economy?**
 - a. reduced national security
 - b. self-sufficiency
 - c. protection of international relations
 - d. increased life expectancy
- 2. What would an open border supporter say is a positive reason for an open border?**
 - a. higher priced goods and services
 - b. self-sufficiency
 - c. less variety of goods and services
 - d. innovation
- 3. Which statement is true about the (mostly) closed economy in the former Soviet Union?**
 - a. Following World War II, the country appeared to be growing and had the potential to surpass even the United States.
 - b. The country was reliant on neighboring countries.
 - c. The former Soviet Union offered a wider variety of goods and services to its citizens than was available in the United States.
 - d. Research showed that former Soviet Union countries struggled more when they traded more with other countries.
- 4. Which result was most likely an intended consequence of the North American Free Trade Agreement (NAFTA)?**
 - a. Many industries moved production to Canada.
 - b. All three countries achieved more self-sufficiency.
 - c. Production and consumption increased across the region.
 - d. All three economies' GDPs decreased.

5. Which statement expresses economic reasoning in considering a closed versus an open economy?

- a. Having open borders leads to a race to the bottom in production and consumption.
- b. Having open borders is the best option, because that's the current U.S. policy.
- c. Closed borders save jobs and protect American interests.
- d. Open borders offer the most benefits to the most people after factoring in the costs of the concentrated group most immediately affected.

6. Which argument best supports the conclusion that open economies lead to better market outcomes than closed economies?

- a. International trade enables countries to pursue their comparative advantage.
- b. Since the early 1900s, many nations have switched from a closed economy to an open economy in order to stimulate economic growth.
- c. By reducing tariffs and opening domestic industries to competition from foreign businesses, countries can increase the quantity and quality of goods and services produced and consumed at the lowest cost possible.
- d. Trade barriers provide an incentive for domestic businesses to produce goods and services efficiently and at the lowest possible cost.