

JA Economics®

Quiz: Post-Theme 4.3: Trade Deficits

Circle the best answer for each question.

- 1. What contributes to U.S. laborers earning wages proportionately higher than workers in nations where many goods used by American consumers are produced?**
 - a. lower skills level
 - b. higher U.S. investment in capital resources
 - c. lower education level
 - d. larger U. S. investment in developing nations

- 2. What is an effect of globalization for most countries in the world economy?**
 - a. decreased productivity
 - b. advancements in technology
 - c. increased per-unit costs of labor
 - d. increased trade deficits

- 3. Which option is factored into the balance of payments?**
 - a. current account
 - b. trade policy
 - c. monetary policy
 - d. national financial account

- 4. Consider a scenario where the United States has a \$640,000,000 trade deficit. What is a reason a protectionist would argue that tariffs are necessary to reduce the deficit?**
 - a. Other countries will use their surplus income to invest in their militaries and threaten the United States.
 - b. The United States does not have enough natural resources to make products cheaply.
 - c. If the trade deficit is high, other countries will make capital investments in the United States.
 - d. A high trade deficit will cause U.S. currency to depreciate.

- 5. Consider a scenario in which the United States implemented new subsidies benefitting domestic agricultural producers. Which statement best assesses the benefits and costs of this decision?**
- a. U.S. agricultural producers would gain more access to world markets, while consumers in the United States would have less choice.
 - b. U.S. agricultural producers would have to increase prices for domestic consumers, while lowering them for foreign consumers.
 - c. U.S. agricultural producers would increase the number of domestic persons employed in that industry, while putting pressure on foreign agricultural producers to decrease employment.
 - d. U.S. agricultural producers would be able to sell lower-quality goods to foreign markets, while being forced to supply higher-quality goods to domestic consumers.