Study Questions

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

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

3. The Escape Clause permits the United States to

   a. Resign from the World Trade Organization.
   b. Limit imports in an industry if they are causing injury to domestic interests.
   c. Limit imports in an industry if those imports are being priced unfairly.
   d. Shift its trade in a good to a different trading partner.
   e. Provide extended unemployment compensation to workers displaced by trade.

4. Regarding the GSP, Glassman argues that it is "illogical" because

   a. It grants tariff preferences to rich countries.
   b. It violates MFN.
   c. The US cannot afford to lose tariff revenue from the government budget.
   d. It hurts the countries that it is supposed to help.
   e. It benefits countries that oppose the US in trade negotiations.

5. Trade Adjustment Assistance

   a. Is money given by the WTO to developing countries to help them implement their obligations as members.
   b. Is assistance provided by the World Bank to countries seeking to subsidize their exports.
   c. 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.
   d. Includes extended unemployment compensation for workers laid off due to increased imports.
   e. Is a popular form of industrial policy, designed to help strong firms become even more competitive on world markets.

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.

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

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

Part II: Short Answer

Answer in the spaces provided.

1. Define:

   a. Countervailing Duty

   b. Dumping

   c. Industrial Policy

   d. Section 301

   e. Wage Insurance

2. Fill in the blanks in the passage below. If options are given, select one. If not, provide your own:

   When Fast Track Authority (also known as _________________) is provided by the U.S. ____________________ (Congress / Supreme Court), it permits the President to bring trade agreements for approval without possibility of ___________________ (defeat / amendment / delay / filibuster). The advantage of this is that it permits the ______________ (President / USTR / Congress) to _______________with foreign governments with greater credibility. Without Fast Track, foreign governments might fear that the concessions they have gotten from the U.S. negotiators would be _______________ before being approved. Currently, President Obama ____ _____________ (does / does not) have Fast Track authority.

3. What do the following acronyms stand for?

   a. CVD

   b. TPA

   c. AVD (don’t waste time on this one)

   d. ITA

   e. MFA