6. International economic issues

Starter Quiz · 课前小测

A-Level Economics Name: ____________________ Score: ______

1. A country can make 10 units of wheat OR 5 units of cloth with the same resources. What is the opportunity cost of 1 unit of cloth (in wheat)?

   ____

2. A tariff is:

   ☐ a tax on imports

   ☐ a limit on the quantity imported

   ☐ a payment to domestic firms

   ☐ a ban on exports

3. Exports total 500 and imports total 600. What is the trade balance (exports − imports)?

   ____

4. If 1 pound = 1.30 dollars, how many dollars do you get for 200 pounds?

   ____

5. Which is an expenditure-switching policy to reduce a current account deficit?

   ☐ currency depreciation

   ☐ raising income tax

   ☐ cutting government spending

   ☐ raising interest rates

6. Comparative advantage is based on which country has the lower:

   ☐ opportunity cost

   ☐ population

   ☐ tax rate

   ☐ exchange rate

7. The "infant industry" argument says protection should be used to:

   ☐ let a new industry grow until it can compete

   ☐ protect a dominant monopoly

   ☐ raise consumer prices permanently

   ☐ ban all imports

8. Which is part of the current account?

- ☐ trade in goods and services
- ☐ the government budget
- ☐ the money supply
- ☐ interest rates

9. A country can have a comparative advantage in a good even if another country has an absolute advantage in everything.

   ☐ True ☐ False

10. Protectionism tends to raise prices for domestic consumers.

   ☐ True ☐ False

A-Level Economics

1. **2**

   10 wheat ÷ 5 cloth = 2 wheat per cloth.

2. **a tax on imports**

   A tariff is an import tax; a quota is a quantity limit; a subsidy pays home firms.

3. **-100**

   $500 - 600 = -100$, a trade deficit of 100.

4. **260**

   $200 \times 1.30 = 260$ dollars.

5. **currency depreciation**

   Depreciation switches spending toward home goods; the others reduce total expenditure.

6. **opportunity cost**

   Comparative advantage compares opportunity costs, not absolute resource use.

7. **let a new industry grow until it can compete**

   Temporary protection while a young industry achieves economies of scale.

8. **trade in goods and services**

   The current account records trade in goods/services, primary and secondary income.

9. **True**

   Comparative advantage depends on relative opportunity cost, so trade still benefits both.

10. **True**

    Tariffs and quotas reduce competition and raise prices.