

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. Why does the “trade restrictiveness index” (TRI) for the US indicate a higher level of protection than the average tariff?
 - a. The TRI is biased against tariffs.
 - b. The TRI measures foreign tariffs, not those of the US.
 - c. US tariffs are below average.
 - d. US tariffs are unequal across products.
 - e. The TRI includes nontariff barriers in addition to tariffs.
3. 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

4. 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.
5. 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.
6. 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.
7. 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.

8. 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
9. In January 2018, the US imposed _____ on exports of _____.
- a. Antidumping duties; steel
 - b. Safeguard tariffs; washing machines
 - c. Countervailing duties; chicken
 - d. MFN tariffs; all manufactured goods
 - e. Reduced tariffs; underwear
10. Under Section 232 of US law, imports may be investigated for threatening national security by.
- a. The Department of Defense
 - b. The Department of Commerce
 - c. USTR
 - d. The President
 - e. The US International Trade Commission

Part II: Short Answer

Answer in the spaces provided.

1. Define:

a. Countervailing Duty

b. Dumping

c. Industrial Policy

d. Column 2 tariffs

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 Trump _____ (does / does not) have Fast Track authority.

3. What do the following acronyms stand for, and what do they mean?
- a. CVD
 - b. TPA
 - c. AVD (don't waste time on this one)
 - d. ITA
 - e. USMCA