



FACULTATEA DE RELATII ECONOMICE INTERNATIONALE

*For the July 2017 Exam  
for the programmes in  
English*



## Multiple choice questions - examples

*Master Programme Admission Process*



---

## Multiple choice questions - examples

### Master Programme Admission Process

---

*For a list of references, please refer to*

[http://www.rei.ase.ro/Media/Default/Fisiere/Admitere%20Master%202017/COD%20REI\\_2\\_En.pdf](http://www.rei.ase.ro/Media/Default/Fisiere/Admitere%20Master%202017/COD%20REI_2_En.pdf)

*From <http://www.rei.ase.ro/admitere-masterat> you shall be able to download the books on which the MCQs are based.*

*These multiple choice questions are solely based on the bibliography for the Master programmes taught in English in the Faculty of International Business and Economics.*

*For examples of multiple choice questions in Romanian, please refer to <http://www.rei.ase.ro/admitere-masterat>*

***If you are interested in applying for a master programme in English and a master programme in Romanian, in 2017, you shall have to pass two exams (in English and in Romanian).***

---

---

---

1. What does the winner's curse refer to

- a. **The tendency of negotiators to settle too quickly on an item and then subsequently to feel discomfort about a negotiation win that comes too easily.**
- b. To find out that the product is faulty after buying it.
- c. The tendency of negotiators to not do business again with the other company, after closing the deal.
- d. To lose in the negotiation subsequent to the one that has been won.
- e. The tendency of negotiators to settle too slowly on an item, thus making the other party waste time during the negotiation.

2. What does the endowment effect refer to?

- a. **Overvaluing something you own or believe you possess**
- b. Undervaluing something you own or believe you possess
- c. Endowing your company with better production infrastructure
- d. Endowing your company with improved negotiation capabilities
- e. The observed increase in revenue after a won negotiation

- 
3. *When negotiating a major error you may make is the fundamental attribution error. What does it refer to?*
- Overestimating the causal role of personal or internal factors and underestimating the causal role of situational or external factors.**
  - Exchanging information and ideas
  - Inventing options for mutual gain
  - Committing to meeting the needs of all involved parties
  - Focusing on commonalities rather than differences.
4. *There are several decision traps in negotiation. Which of the following is not one of them*
- Reframing**
  - Plunging in
  - Overconfidence
  - Group failure
  - Not keeping track.
5. *Which of the following is not a linguistic dimension of making threats?*
- The use of unpolarized language**
  - The conveyance of verbal immediacy
  - The degree of language intensity
  - The degree of lexical diversity
  - The extent of high-power language style
6. *What does the O in the CONNECT model refer to?*
- Optimize safety**
  - Oral communication
  - Obligations of parties
  - Onerous interests
  - Oblivion
7. *Ancona and Caldwell made in 1988 a suggestion of group-member roles that may be useful during the information management phase of the negotiation. Which of the following is not one of these roles?*
- Managers**
  - Scouts
  - Ambassadors
  - Coordinators
  - Guards
8. *When brainstorming some rules must be applied. Which is one of these rules?*
- Free-wheeling is a plus.**
  - Criticism is allowed.
  - Go for quality.
  - Questions may be asked on any issue.
  - Ideas are managed by themselves, no combination is allowed.

---

9. *Jenn and Mannix (2004) found three kinds of conflict over time in high-performance task groups. Which are these??*

- a. Relationship, task and process**
- b. Personal, Organizational, General
- c. Mild, Hard and Extraordinary
- d. Irrelevant, relevant and important
- e. Task-related, personal-related, reward-related.

10. *Which of the following is not a tactic for mutual gain?*

- a. Recruit just enough members to control the group's decision**
- b. Share own and elicit others' interests
- c. Consider many alternatives
- d. Don't just compromise
- e. Encourage positive relations

11. *The decision rules in negotiation are important. Which are they?*

- a. Consensus, unanimity, oligarchy, majority, dictator.**
- b. Agreement and disagreement
- c. Focus on a general element, focus on a niche element.
- d. Confirmation, bias, negation
- e. Positive choice, negative choice, neutral choice.

12. *Cognitive biases are a reality of negotiation. Name one:*

- a. Irrational escalation of commitment**
- b. Law of large numbers
- c. Negotiator underconfidence
- d. The belief that the issues under negotiation are a flexible pie
- e. The tendency to accept others' cognitions.

13. *Which of the following represent the biases that can threaten the email negotiations?*

- a. Temporal synchrony bias, Burned bridge bias, Squeaky wheel bias, Sinister attribution**
- b. Belief bias, projection bias, time saving bias, unit bias
- c. Choice supportive bias, IKEA effect, optimism bias, recency illusion
- d. Distinction bias, negativity bias, normalcy bias, omission bias
- e. Expectation bias, Dunning Kruger effect, empathy gap, hindsight bias

14. *From the point of view of the roles played by the team members, which are relationship oriented roles?*

- a. Encouraging, Harmonizing, Compromising, Gatekeeping, Standard Setting**
- b. Initiating, information seeking, opinion seeking
- c. Elaborating, Evaluating, Coordinating
- d. Energizing, Blocking
- e. Recognition seeker, Dominator, Avoider

- 
15. Which of the following is not a key process step that a chair can implement to assure having an effective, amicable disagreement on a team?
- Approach the team members separately in an attempt to support one of them to win the argument**
  - Collect your thoughts and composure before speaking.
  - Try to understand the other person's position.
  - Try to think of ways that you both can win.
  - Consider how important this issue is to you.
16. What can a group facilitator do to keep the group moving toward a successful completion?
- Shape and draft the tentative agreement.**
  - Move the group towards his proposed resolution
  - Order the group to implement the steps he proposes
  - Openly point out who is to blame for the missteps in negotiation
  - Send the postmortem report to the team pointing out the mistakes made
17. There are factors that affect how men and women approach negotiation (from a gender perspective). Which of the following is not one of those factors?
- View of self**
  - Problem solving through dialogue
  - Perceptions and stereotypes
  - Control through empowerment
  - Embedded view of agency
18. A certain number of assertions are known to be true about gender differences in negotiation. Which of the following is false?
- Stereotypes favor the female negotiator.**
  - The negative effect of stereotypes can be overcome.
  - The activated stereotype may matter more than the gender of the negotiator.
  - Women who use exchange tactics are less successful than men.
  - Females are 3.5 times less likely to be hired when aggressive.
19. What would you **not** advise a negotiator regarding the creation of an effective team?
- Focus on the BATNA**
  - Disagree openly with any member of the group
  - Keep the discussion focused
  - Be specific – use examples
  - Make decision by consensus
20. How can an agenda help a negotiation?
- Establishes the issues, gives structure, defines the issues, defines the order in which the issues are discussed, introduces process issues, sets time limits**
  - Keeps the discussion focused
  - Provides roles for each party
  - Promotes your BATNA
  - Supports the consensus

---

21. When using the EXW delivery clause, which of the following responsibilities and rights are true?

- a. **Buyer takes costs and responsibility quite literally from the factory gate.**
- b. Seller has to deliver the goods to a certain destination.
- c. Buyer takes on the risks of loss or deterioration of goods or the costs caused by transit.
- d. Seller is complied with its selling obligation when he gives the goods to the freighter indicated by the buyer in the agreed place, with the export customs formalities accomplished.
- e. Seller transfers the goods to the buyer before the goods actually gone over the side of the ship.

22. When using the FAS delivery clause, which of the following responsibilities and rights are true?

- a. **Seller transfers the goods to the buyer before the goods actually gone over the side of the ship, being suitable for sea transport.**
- b. Seller has to deliver the goods to a certain destination.
- c. Buyers take costs and responsibility quite literally from the factory gate.
- d. Seller is complied with its selling obligation when he gives the goods to the freighter indicated by the buyer in the agreed place, with the export customs formalities accomplished.
- e. Buyer takes on the risks of loss or deterioration of goods or the costs caused by transit.

23. When using the FOB delivery clause, which of the following responsibilities and rights are true?

- a. **Seller is responsible for all costs and responsibilities for goods until they are put on board a ship or aircraft.**
- b. Seller has to deliver the goods in the importer's country at a named place.
- c. Seller transfers the goods to the buyer before the goods actually gone over the side of the ship.
- d. Buyer takes on the risks of loss or deterioration of goods or the costs caused by transit.
- e. Buyers take costs and responsibility quite literally from the factory gate.

24. When using the FCA delivery clause, which of the following responsibilities and rights are true?

- a. **Seller is complied with its selling obligation when he gives the goods to the freighter indicated by the buyer in the agreed place, with the export customs formalities accomplished.**
- b. Seller is responsible for all costs and responsibilities for goods until they are put on board a ship or aircraft.
- c. Seller has to deliver the goods in the importer's country at a named place.
- d. Seller transfers the goods to the buyer before the goods actually gone over the side of the ship.
- e. Buyer takes on the risks of loss or deterioration of goods or the costs caused by transit.

---

25. When using the CPT delivery clause, which of the following responsibilities and rights are true?

**a. Buyer pays the transport of the goods to a named destination while any risk of loss or deterioration of the goods or expense related to the goods is transferred from the seller to the buyer when the goods are delivered to the carrier.**

b. Buyers take costs and responsibility quite literally from the factory gate.

c. Seller transfers the goods to the buyer before the goods actually gone over the side of the ship.

d. Sellers are complied with its selling obligation when he gives the goods to the freighter indicated by the buyer in the agreed place, with the export customs formalities accomplished.

e. Seller is responsible for all costs and responsibilities for goods until they are put on board a ship or aircraft.

26. When using the CIP delivery clause, which of the following responsibilities and rights are true?

**a. Seller pays for carriage and insurance to the named destination point, but risk passes when the goods are handed over to the first carrier.**

b. Seller must pay the costs and freight to bring the goods to the port of destination. However, risk is transferred to the buyer once the goods have crossed the ship's rail.

c. Buyers take costs and responsibility quite literally from the factory gate.

d. Buyer pays the transport of the goods to a named destination while any risk of loss or deterioration of the goods or expense related to the goods is transferred from the seller to the buyer when the goods are delivered to the carrier.

e. Seller puts the goods at the disposal of the buyer unloaded at the named terminal.

27. When using the DAT delivery clause, which of the following responsibilities and rights are true?

**a. Seller clears the goods for export and bears all risks and costs associated with delivering the goods and unloading them at the terminal at the named port or place of destination, being also responsible for making the export clearance procedures.**

b. Sellers are complied with its selling obligation when he gives the goods to the freighter indicated by the buyer in the agreed place, with the export customs formalities accomplished.

c. Seller transfers the goods to the buyer before the goods actually gone over the side of the ship, being suitable for sea transport.

d. The seller makes the goods available at his premises.

e. Seller pays for all transportation costs and bears all risk until the goods have been delivered and pays the duty.

28. When using the DAP delivery clause, which of the following responsibilities and rights are true?

**a. Seller puts the goods at the disposal of the buyer at a named place of destination, on a vehicle not unloaded.**

b. Seller clears the goods for export and bears all risks and costs associated with delivering the goods and unloading them at the terminal at the named port or place of destination, being also responsible for making the export clearance procedures.

c. Sellers are complied with its selling obligation when he gives the goods to the freighter indicated by the buyer in the agreed place, with the export customs formalities accomplished.

d. Buyers take costs and responsibility quite literally from the factory gate.

e. Seller pays for carriage to the named point of destination, but risk passes when the goods are handed over to the first carrier.

---

29. When using the DDP delivery clause, which of the following responsibilities and rights are true?

- a. **Seller pays for all transportation costs and bears all risk until the goods have been delivered and pays the duty.**
- b. Seller pays for carriage to the named point of destination, but risk passes when the goods are handed over to the first carrier.
- c. Sellers are complied with its selling obligation when he gives the goods to the freighter indicated by the buyer in the agreed place, with the export customs formalities accomplished.
- d. Seller transfers the goods to the buyer before the goods actually gone over the side of the ship, being suitable for sea transport.
- e. Seller has to deliver the goods to a certain destination.

30. When using the FOB delivery clause, which of the following responsibilities and rights are true?

- a. **Seller is responsible for all costs and responsibilities for goods until they are put on board a ship or aircraft.**
- b. The seller hands over the goods, cleared for export, into the custody of the first carrier (named by the buyer) at the named place.
- c. Buyers take costs and responsibility quite literally from the factory gate.
- d. Seller pays for all transportation costs and bears all risk until the goods have been delivered and pays the duty.
- e. The seller makes the goods available at his premises.

31. When using the CFR delivery clause, which of the following responsibilities and rights are true?

- a. **Seller must pay the costs and freight to bring the goods to the port of destination. However, risk is transferred to the buyer once the goods have crossed the ship's rail.**
- b. Seller pays for all transportation costs and bears all risk until the goods have been delivered and pays the duty.
- c. Seller is responsible for all costs and responsibilities for goods until they are put on board a ship or aircraft.
- d. Buyers take costs and responsibility quite literally from the factory gate.
- e. Seller pays for carriage to the named point of destination, but risk passes when the goods are handed over to the first carrier.

32. When using the CIF delivery clause, which of the following responsibilities and rights are true?

- a. **Seller must pay the costs and freight to bring the goods to the port of destination and to procure and pay for insurance for the buyer.**
- b. Buyers take costs and responsibility quite literally from the factory gate.
- c. Seller pays for all transportation costs and bears all risk until the goods have been delivered and pays the duty.
- d. Buyer pays the transport of the goods to a named destination while any risk of loss or deterioration of the goods or expense related to the goods is transferred from the seller to the buyer when the goods are delivered to the carrier.
- e. Seller puts the goods at the disposal of the buyer unloaded at the named terminal.

---

33. Which of the following are considered for deciding the packing of goods delivered internationally?

**a. Nature of the goods, value of the goods, means of transportation, import duties, legal requirements.**

b. Nature of the goods, value of the goods, means of transportation.

c. Value of the goods, means of transportation, import duties.

d. Nature of the goods, value of the goods, means of transportation, import duties, logistic chains.

e. Nature of the goods, value of spare parts, means of transportation, export duties, legal requirements.

34. Which is not a type of documentary letter of credit?

**a. Commercial/not commercial**

b. Revocable/irrevocable

c. Transferable/revolving/red clause

d. Back to back/compensatory

e. Confirmed/not confirmed

35. Which of the following are the characteristics of a documentary letter of credit?

**a. Formalism, independence, firmness of banking agreement, adaptability, safety**

b. Dependence, flexibility, firmness of banking agreement, imitation

c. Formalism, independence, firmness of banking agreement, risky

d. Independence, firmness of banking agreement, adaptability, safety

e. Formalism, interdependence, firmness of banking agreement, adaptability, safety

- 
- 
- 
- 
36. According to the Delors Report, it is a precondition to the establishment of the EMU:
- positive economic growth for at least 2 years prior to the creation of the EMU;
  - complete liberalization of capital transactions and integration of the financial sector;**
  - employment rates of 70%, at least;
  - World Bank loan to guarantee stability of the currency;
  - limited convertibility of the currencies.
37. The primary objective of the European Central Bank is:
- independence;
  - high employment;
  - economic balanced growth;
  - fiscal convergence;
  - price stability.**
38. The formulation of monetary policy in the Euro Area is the responsibility of the:
- Council of the EU;
  - European Commission;
  - European Council;
  - Governing Council of the European Central Bank;**
  - governors of the national central banks of the EU Member States.
39. Attainment of a zone of internal and external monetary stability in Europe (involving both low inflation and stable exchange rates) was the objective of:
- European Custom Union;
  - European Single Market;
  - European Monetary System;**
  - International Monetary Fund;
  - European Investment Bank.

40. In 1999, the situation of convergence indicators, by member state, is presented below:

|                                      | Germany | France | Italy | Belgium | Netherlands | Luxembourg | UK  | Ireland | Denmark | Greece | Spain | Portugal | Austria | Finland | Sweden |
|--------------------------------------|---------|--------|-------|---------|-------------|------------|-----|---------|---------|--------|-------|----------|---------|---------|--------|
| Price stability – INFLATION RATE (%) | 1,3     | 1,2    | 2,4   | 2       | 2,1         | 1,7        | 1,9 | 3       | 1,8     | 3,2    | 2,8   | 2,9      | 1,6     | 2       | 2,1    |

Which Member State is not complying with the price stability criteria for adopting the Euro?

- a. Italy;
- b. Spain;
- c. France;
- d. Finland;
- e. **Ireland**

41. The EU Competition Policy:

- a. **encourages industrial efficiency, optimal allocation of resources;**
- b. encourages member states to provide state aid to local companies;
- c. ensures the protection of European companies from the competition of the companies located in third countries;
- d. encourages price fixing and activities of market share decisions of various associations of companies;
- e. regulates intra-EU trade with industrial products.

42. According to the EU competition policy the abuse of dominant position does not refer to:

- a. limiting of production or investment of US based subsidiaries operating on the EU territory;
- b. directly or indirectly imposing unfair purchase or selling prices or other unfair trading conditions;
- c. making the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts;
- d. limiting technical development, access to supply sources and markets to competitors;
- e. **state aid granted to companies to promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment.**

- 
43. *According to the EU competition policy, it cannot be considered compatible to the EU treaties:*
- a. aid having a social character, granted to individual consumers, provided that such aid is granted without discrimination related to the origin of the products concerned;
  - b. aid granted by the European Commission to a large state owned company, creating a competitive advantage, to increase the capacity to compete with US based companies;**
  - c. agreements between undertakings which contributes to improving the production or distribution of foods or to promoting technical or economic progress, while allowing consumers a fair share of the resulting benefit, and which does not afford such undertakings the possibility of eliminating competition in respect of a substantial part of the products in question;
  - d. aid to promote culture and heritage conservation where such aid does not affect trading conditions and competition in the Union to an extent that is contrary to the common interest;
  - e. aid to make good the damage caused by natural disasters or exceptional occurrences.
44. *The supervision of the way in which the EU competition rules are implemented falls under the responsibility of:*
- a. European Council;
  - b. European Commission;**
  - c. European Central Bank;
  - d. European Court of Auditors;
  - e. European Parliament.
45. *Under the EU cohesion policy, the principle of concentration refers to:*
- a. EU funding should be targeting only relevant employment objectives related to industrial areas;
  - b. EU funding should be targeting a limited number of areas/specific objectives/sectors;**
  - c. EU funding should be available to members states for limited periods – the 7 years programming periods;
  - d. EU should be targeting at least 2 of the EU common objectives and at most 2 of the national objectives;
  - e. EU funding should substitute the national efforts of the Member states and spending for the objectives and areas targeted by EU funded programs.

---

46. *The EU Cohesion policy:*

- a. **is aiming at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions;**
- b. is primarily concerned with expanding consumption directly in all EU regions;
- c. is primarily concerned with redistribution of income to increase consumptions in EU poorest regions;
- d. is primarily concerned with developed regions and technology intensive industries in the EU to boost their economic competitiveness;
- e. is aiming at reducing disparities between the levels of development of the EU Member states as compared to United States of America.

47. *The European Social Funds is used for funding:*

- a. investments related road infrastructures;
- b. investments related to ITC infrastructures;
- c. investments related to social infrastructures;
- d. **investments related to training of human capital;**
- e. investments related to training and education buildings.

48. *The Stability and Growth Pact:*

- a. **is laying out the rules for the budgetary discipline of the member states;**
- b. is laying out the rules for the political stabilization on Balkans area;
- c. is laying out the rules and objective of the investment policies of the member states;
- d. is laying out the rules for the European Commission to monitor the inflation rates in the member states;
- e. is laying out the rules for the European Central Bank to monitor the interest rates in the member states.

49. *At its creation, in 1962, the Common Agricultural Policy aimed at:*

- a. **ensuring fair prices for farmers;**
- b. promoting environmental friendly technologies in agriculture;
- c. promoting cultural development of rural areas;
- d. encouraging early retirement for farmers;
- e. primarily funding the development of non-agricultural activities in rural areas.

50. *It is not a principle of the Common Agricultural Policy:*

- a. common organization of markets;
- b. preference for Community goods;
- c. financial solidarity;
- d. free movement of agricultural goods;
- e. **preference for imported goods from least developed countries.**

---

51. Which of the following statements about the size of multinational corporations (MNCs) is correct?

- a. No MNC is larger than the national economies of any world country
- b. MNCs are usually larger than most national economies of world countries
- c. By international law, MNCs may not be larger than the economies of the countries in which they are located
- d. Many MNCs are larger than some national economies of the countries of the world**
- e. The size of MNCs is diminishing relative to the size of the economies of the world's countries

52. One of the following is true:

- a. World Bank and International Monetary Fund (IMF) are members of the United Nation System**
- b. World Bank and IMF finance the development projects around the less developed countries
- c. Developed countries do not have access to the IMF's resources
- d. The International Bank for Reconstruction and Development and the International Development Association are part of the IMF
- e. The Multilateral Investment Guarantee Agency provides interest-free loans and grants to governments of the poorest countries.

53. All of the following are reasons for the low labor productivity in LDCs, EXCEPT:

- a. Rates of capital investment are low.
- b. Most capital is generated by foreign-owned firms, whose major interest is profits, not job creation.
- c. Most developing countries lack machines and power networks to produce most efficiently.
- d. The small scale of farming in most LDCs generates few economies of scale.
- e. Too many people are in school, rather than being available for work.**

54. Air pollution from automobile exhausts, and water pollution steel plants are examples of:

- a. sustainable ways for developing the industrial sector.
- b. negative externalities**
- c. bad investments
- d. social unrest
- e. lack of public interest for economic development

55. The poorest region of the world is:

- a. the Middle East.
- b. sub-Saharan Africa.**
- c. Asia.
- d. Latin America
- e. East Asia and Pacific

---

56. *The balance of payments on the current account plus the balance of payments on the financial account should be equal to:*

- a. **zero**
- b. one
- c. the trade balance
- d. net capital flows
- e. the size of the trade deficit

57. *Members of a customs union agree to:*

- a. **eliminate trade barriers among themselves and impose common external trade barriers**
- b. eliminate trade barriers only among themselves
- c. eliminate internal and external trade barriers and allow the free movement of factors of production
- d. adopt a common currency
- e. adopt a common international economic policy

58. *Which of the following is the key statistic used to track economic growth:*

- a. GDP
- b. real GDP
- c. **real GDP per capita**
- d. GNI
- e. GNI per capita

59. *The most successful example of regional integration to date is:*

- a. **The European Union**
- b. NAFTA
- c. OPEC
- d. MERCOSUR
- e. ASEAN

60. *The fastest-growing world trade region is:*

- a. **East Asia and Pacific**
- b. The Middle East
- c. Latin America
- d. The European Union
- e. South America

- 
61. *The functions of the International Monetary Fund include all of the following except...*
- to provide loans to countries facing balance of payments problems
  - to monitor the economic and financial policies of the member countries
  - to provide technical assistance and training to its member countries
  - to reduce poverty and promote income growth**
  - to ensure the stability of the international monetary system
62. *Which of the following was created under the Bretton Woods system to manage the world economy?*
- the International Development Agency.
  - the General Agreement on Tariffs and Trade.**
  - the European Union.
  - NATO.
  - MERCOSUR.
63. *Which of the following statements is true?*
- In less developed countries, a large share of the labor force works in the tertiary sector
  - Less developed countries export high-valued, manufactured goods, resulting in foreign revenues
  - In most developing countries (especially those in Latin America), land is a critical resource essential to survival**
  - Reliance of less developed countries on exports of commodities is a positive aspect as the price of commodities is high
  - Brain drain phenomenon is characteristic to the developed countries
64. *Which of the following is a characteristic problem of the LDCs?*
- low population growth
  - lack of capital and investment**
  - good terms of trade
  - high foreign direct investment rate
  - easy access to credit lines
65. *Which of the following statements is false?*
- an expansionary monetary policy is used during recession periods
  - a contractionary monetary policy has the goal of combatting unemployment**
  - an expansionary fiscal policy has the purpose of expanding the real output
  - import quotas and subsidies represent examples of non-tariff barriers to trade
  - an expansionary monetary policy is associated with lowering interest rates

- 
- 
- 
- 
66. Which of the following policies permits a specified quantity of goods to be imported at one tariff rate and a higher tariff rate to imports above this quantity?
- import tariff.
  - tariff quota.**
  - voluntary exports restraint.
  - ad-valorem tariff.
  - quota.
67. The following assertion is false:
- an export subsidy can be either specific or ad valorem.
  - an export subsidy raises prices in the exporting country.
  - an export subsidy improves the terms of trade.**
  - an export subsidy lowers prices in the importing country.
  - an export subsidy worsens the terms of trade.
68. When a quota is used to restrict imports
- the government revenue increases.
  - the domestic price of the imported good always raises.**
  - the right to sell the imported good is not given to the governments of exporting countries.
  - it raises the domestic price less than the amount as a tariff that limits imports to the same level.
  - no difference between the effects of a quota and a tariff exists.
69. When a quota is used to restrict imports
- overall national welfare falls for a small country.**
  - overall national welfare is ambiguous for a small country.
  - the producer surplus falls.
  - the consumer surplus increases.
  - quota rents are zero.
70. When an export subsidy is used to restrict imports
- overall national welfare is ambiguous.
  - overall national welfare falls.**
  - the producer surplus falls.
  - the consumer surplus increases.
  - government revenue increases.

- 
71. In automobile industry, suppose the cost of imported parts is \$6,000. Purchasing the same parts domestically would cost \$10,000, but assembly firms are required to use 50 percent domestic parts. Then, they will face an average cost of parts of
- a. the cost cannot be estimated with the information given
  - b. \$5,000
  - c. \$11,000
  - d. \$8,000**
  - e. \$3,000
72. In automobile industry, suppose the cost of imported parts is \$6,000. Purchasing the same parts domestically would cost \$10,000, but assembly firms are required to use 50 percent domestic parts. This is an example of
- a. Export subsidy.
  - b. Import quota.
  - c. Voluntary export restraints.
  - d. National procurement.
  - e. Local content requirement.**
73. The following assertion is true:
- a. A local content requirement does not produce quota rents.**
  - b. A local content requirement produces quota rents.
  - c. A quota does not produce quota rents.
  - d. Voluntary export restraints do not produce rents to foreigners.
  - e. A local content requirement produces government revenue.
74. The following assertion is false:
- a. An export subsidy can be specific.
  - b. A local content requirement may be specified in physical units.
  - c. Import quotas are limitations on the value of imports.**
  - d. Import quotas are nontariff barriers.
  - e. An export subsidy can be ad valorem.
75. The limitation on auto exports to the United States enforced by Japan after 1981 is an example of:
- a. local content requirement.
  - b. tariff quota.
  - c. quota.
  - d. red-tape barriers.
  - e. voluntary export restraint.**

- 
76. *The French decree in 1982 that all Japanese videocassette recorders had to pass through the tiny customs house at Poitiers is an example of:*
- a. local content requirement.
  - b. quota.
  - c. national procurement.
  - d. voluntary export restraint.
  - e. **red-tape barrier.**
77. *A quota rent:*
- a. is the profit received by the assembly plant required to comply with local content requirement.
  - b. may not accrue to governments of exporting countries.
  - c. **is the profit received by the holders of import licenses.**
  - d. may not accrue to firms of importing countries.
  - e. is the profit received by the beneficiary of an export subsidy.
78. *The following assertion is true:*
- a. **Local content does not place a strict limit on imports.**
  - b. Import quotas are limitations on the value of imports.
  - c. With an import quota, the government revenue falls.
  - d. With a voluntary export restraint, the producer surplus falls.
  - e. With a voluntary export restraint, the consumer surplus increases.
79. *The following assertion is false:*
- a. Voluntary export restraints produce rents to foreigners.
  - b. **Voluntary export restraints are allowed under the WTO rules.**
  - c. An export subsidy is a payment to a firm that ships a good abroad.
  - d. An export subsidy can be either specific or ad valorem.
  - e. With an export subsidy, the consumer surplus falls.
80. *Government revenue increases as an effect of:*
- a. **tariffs.**
  - b. export subsidy.
  - c. import quotas.
  - d. voluntary export restraints.
  - e. local content requirement.
- 