



FACULTATEA DE RELATII ECONOMICE INTERNATIONALE

For the July 2018 Exam



Multiple choice questions - examples

Master Programme Admission Process - ENGLISH Study Programmes, except EDURES



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For a list of references, please refer to

http://www.ase.ro/admitere2018/masterat2018/pdf/metodologie_masterat/anexa4.pdf, page 56, code REI2

Find links to the books: <http://www.rei.ase.ro/admitere-masterat>

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. Exception to these is EDURES: the candidates for EDURES have the REI3 bibliography and they must pass a more in-depth interview on specialty topics, apart from a language exam (a short interview).

*If you are a candidate for an English Study Programme, except EDURES, you must pass a short interview in English, to prove your level of the language is suitable for participating in a programme taught fully in English **and** also a multiple-choice question exam. For the latter, you have the MCQ following in these next pages.*

For examples of previously Used-In-Exam multiple choice questions, please refer to <http://mefc.ase.ro/subiecte>

For examples of multiple choice questions in Romania, check out <http://www.rei.ase.ro/admitere-masterat>

***If you have options for programmes in Romanian and in English,
you shall have to pass two separate exams!***

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.

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- 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

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3. Which of the following is not a characteristic of integrative negotiations?
- Use subjective criteria for standards of performance**
 - Exchange information and ideas
 - Invent options for mutual gain
 - Commit to meeting the needs of all involved parties
 - Focus on commonalities rather than differences.
4. Lax and Sebenius made in 1986 a classification of interests. Which of the following represents their view?
- Substantive, process, relationship and 'in principle' interests**
 - Personal interests and common interests
 - Nominal, real and effective interests
 - Fixed and variable interests
 - Objective and subjective interests
5. What does logrolling refer to?
- Two negotiating parties have more than issue in conflict, have different priorities on these issues, therefore they trade them off: one party receives a highly preferred outcome on one issue, whilst the other party receives a highly preferred outcome on the other issue.**
 - Two negotiating parties have one issue in conflict, and have different priorities on that issues, therefore they compromise.
 - Two negotiating parties have more than issue in conflict, and have the same priority on those issues, therefore one of them concedes one of the issue to the other, and on the second issue they compromise.
 - Two negotiating parties have more than issue in conflict, and trade them off: one party concedes on one of the issues, and the other party concedes on the other issue.
 - Moving the negotiation forward by trying for compromise in all issues negotiated.
6. When does the Halo effect occur?
- When people generalize about a variety of attributes based on the knowledge of one attribute of an individual.**
 - When people focus on the appearance of an individual.
 - When people generalize about a single attribute based on the knowledge of other attributes of an individual.
 - When people believe the individual they negotiate with has extraordinary qualities and is to be revered.
 - When people who are unskilled have a sense of superiority and behave like they are wearing a halo

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7. *When does the selective perception occur?*
- When the perceiver singles out certain information that supports or reinforces a prior belief and filters out information that does not confirm that belief.**
 - When the perceiver presents a single item of information in order to mislead the negotiator
 - When the perceiver focuses on a niche element, in order to shift the focus of the discussion
 - When the perceiver disconfirms evidence by strengthening his or her beliefs
 - When the perceiver remember his or her choices as better than they actually were.
8. *Which of the following is considered an example of a frame that the parties may use in disputes?*
- Loss-gain**
 - Inspiration
 - Adjective
 - Stereotyping
 - Validating
9. *Which of the following represent the biases that can threaten the email negotiations?*
- Temporal synchrony bias, Burned bridge bias, Squeaky wheel bias, Sinister attribution**
 - Belief bias, projection bias, time saving bias, unit bias
 - Choice supportive bias, IKEA effect, optimism bias, recency illusion
 - Distinction bias, negativity bias, normalcy bias, omission bias
 - Expectation bias, Dunning Kruger effect, empathy gap, hindsight bias
10. *From the point of view of the roles played by the team members, which are relationship oriented roles?*
- Encouraging, Harmonizing, Compromising, Gatekeeping, Standard Setting**
 - Initiating, information seeking, opinion seeking
 - Elaborating, Evaluating, Coordinating
 - Energizing, Blocking
 - Recognition seeker, Dominator, Avoider
11. *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.

12. What can a group facilitator do to keep the group moving toward a successful completion?

- a. **Shape and draft the tentative agreement.**
- b. Move the group towards his proposed resolution
- c. Order the group to implement the steps he proposes
- d. Openly point out who is to blame for the missteps in negotiation
- e. Send the postmortem report to the team pointing out the mistakes made

13. 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?

- a. **View of self**
- b. Problem solving through dialogue
- c. Perceptions and stereotypes
- d. Control through empowerment
- e. Embedded view of agency

14. A certain number of assertions are known to be true about gender differences in negotiation. Which of the following is false?

- a. **Stereotypes favor the female negotiator.**
- b. The negative effect of stereotypes can be overcome.
- c. The activated stereotype may matter more than the gender of the negotiator.
- d. Women who use exchange tactics are less successful than men.
- e. Females are 3.5 times less likely to be hired when aggressive.

15. What is BATNA short for?

- a. **Best Alternative to a Negotiated Agreement**
- b. Best Arbiter to a New Agreement
- c. Best Analogy in a Negotiating Agreement
- d. Best Alternative to No Agreement
- e. It is not short for anything, it is the name of the person who first mentioned it.

16. 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.

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17. *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.
18. *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.
19. *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.
20. *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.

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21. *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.
22. *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.
23. *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.

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24. *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.
25. *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.
26. *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.
27. *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.

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28. Which of the following are considered for deciding the packing of goods delivered internationally?
- Nature of the goods, value of the goods, means of transportation, import duties, legal requirements.**
 - Nature of the goods, value of the goods, means of transportation.
 - Value of the goods, means of transportation, import duties.
 - Nature of the goods, value of the goods, means of transportation, import duties, logistic chains.
 - Nature of the goods, value of spare parts, means of transportation, export duties, legal requirements.
29. What are the main functions of freight forwarders?
- Forwarding an export shipment from the point of origin to the ultimate destination in some foreign market and engaging of space on transportation carriers.**
 - Reduce the rigorousness of immobility of certain factors of production.
 - Help each region and country to make optimum and efficient use of its national resources.
 - Play a connective role among the several steps that result in the conversion of resources into useful goods in the name of the ultimate consumer.
 - Is the base of efficiency and economy in business logistics and expands other functions of logistics system.
30. Which of the following are the characteristics of a documentary letter of credit?
- Formalism, independence, firmness of banking agreement, adaptability, safety**
 - Dependence, flexibility, firmness of banking agreement, imitation
 - Formalism, independence, firmness of banking agreement, risky
 - Independence, firmness of banking agreement, adaptability, safety
 - Formalism, interdependence, firmness of banking agreement, adaptability, safety
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31. 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.

32. The primary objective of the European Central Bank is:

- a. independence;
- b. high employment;
- c. economic balanced growth;
- d. fiscal convergence;
- e. **price stability.**

33. The formulation of monetary policy in the Euro Area is the responsibility of the:

- a. Council of the EU;
- b. Executive Body of the European Central Bank;
- c. European Council;
- d. **Governing Council of the European Central Bank;**
- e. governors of the national central banks of the EU Member States.

34. Attainment of a zone of internal and external monetary stability in Europe (involving both low inflation and stable exchange rates) was the objective of:

- a. Euro-area;
- b. European Single Market;
- c. **European Monetary System;**
- d. International Monetary Fund;
- e. European Investment Bank.

35. 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**

36. *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.

37. *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.**

38. *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 goods 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.

39. *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.

40. *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.

41. *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.

42. *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.

43. *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.

44. *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.

45. *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.**
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46. *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

47. *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

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- e. The Multilateral Investment Guarantee Agency provides interest-free loans and grants to governments of the poorest countries.
48. *All of the following are reasons for the low labor productivity in LDCs, EXCEPT:*
- Rates of capital investment are low.
 - Most capital is generated by foreign-owned firms, whose major interest is profits, not job creation.
 - Most developing countries lack machines and power networks to produce most efficiently.
 - The small scale of farming in most LDCs generates few economies of scale.
 - Too many people are in school, rather than being available for work.**
49. *Air pollution from automobile exhausts, and water pollution steel plants are examples of:*
- sustainable ways for developing the industrial sector.
 - negative externalities**
 - bad investments
 - social unrest
 - lack of public interest for economic development
50. *The poorest region of the world is:*
- the Middle East.
 - sub-Saharan Africa.**
 - Asia.
 - Latin America
 - East Asia and Pacific
51. *The balance of payments on the current account plus the balance of payments on the financial account should be equal to:*
- zero**
 - one
 - the trade balance
 - net capital flows
 - the size of the trade deficit
52. *Members of a customs union agree to:*
- eliminate trade barriers among themselves and impose common external trade barriers**
 - eliminate trade barriers only among themselves
 - eliminate internal and external trade barriers and allow the free movement of factors of production
 - adopt a common currency
 - adopt a common international economic policy

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53. 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
54. The most successful example of regional integration to date is:
- a. The European Union**
 - b. NAFTA
 - c. OPEC
 - d. MERCOSUR
 - f. ASEAN
55. The fastest-growing world trade region is:
- a. East Asia and Pacific**
 - b. The Middle East
 - c. Latin America
 - d. The European Union
 - g. South America
56. The functions of the International Monetary Fund include all of the following except...
- a. to provide loans to countries facing balance of payments problems
 - b. to monitor the economic and financial policies of the member countries
 - c. to provide technical assistance and training to its member countries
 - d. to reduce poverty and promote income growth**
 - e. to ensure the stability of the international monetary system
57. Which of the following was created under the Bretton Woods system to manage the world economy?
- a. the International Development Agency.
 - b. the General Agreement on Tariffs and Trade.**
 - c. the European Union.
 - d. NATO.
 - e. MERCOSUR.

58. Which of the following statements is true?

- a. In less developed countries, a large share of the labor force works in the tertiary sector
- b. Less developed countries export high-valued, manufactured goods, resulting in foreign revenues
- c. In most developing countries (especially those in Latin America), land is a critical resource essential to survival**
- d. Reliance of less developed countries on exports of commodities is a positive aspect as the price of commodities is high
- e. Brain drain phenomenon is characteristic to the developed countries

59. Which of the following is a characteristic problem of the LDCs?

- a. low population growth
- b. lack of capital and investment**
- c. good terms of trade
- d. high foreign direct investment rate
- e. easy access to credit lines

60. Which of the following statements is false?

- a. an expansionary monetary policy is used during recession periods
- b. a contractionary monetary policy has the goal of combatting unemployment**
- c. an expansionary fiscal policy has the purpose of expanding the real output
- d. import quotas and subsidies represent examples of non-tariff barriers to trade
- e. an expansionary monetary policy is associated with lowering interest rates

61. Specific tariffs are

- a. import taxes stated in specific legal statutes.
- b. import taxes calculated as a fixed charge for each unit of imported goods.**
- c. import taxes calculated as a fraction of the value of the imported goods.
- d. the same as import quotas.
- e. the same as railroad tariffs.

62. Ad valorem tariffs are

- a. import taxes stated in ads in industry publications.
- b. import taxes calculated as a fixed charge for each unit of imported goods.
- c. import taxes calculated as a fraction of the value of the imported goods.**
- d. the same as import quotas
- e. the same as railroad tariffs.

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63. Which of the following is a fixed percentage of the value of an imported product?
- a. Specific tariff
 - b. Ad valorem tariff**
 - c. Nominal tariff
 - d. Effective protection tariff
 - e. Trade-weighted average tariff.
64. A tax of 20 RON per unit of imported garlic is an example of a(n)
- a. specific tariff.**
 - b. ad valorem tariff.
 - c. two-part tariff.
 - d. effective protection tariff.
 - e. trade-weighted average tariff.
65. A tax of 20 percent of the value of the imported garlic is an example of a(n)
- a. specific tariff.
 - b. ad valorem tariff.**
 - c. two-part tariff.
 - d. effective protection tariff.
 - e. trade-weighted average tariff.
66. One thousand \$40 Swatch watches are imported and the government collects \$510 in tariff revenue by applying a specific tariff. What is the specific tariff?
- a. the tariff cannot be estimated with the information given
 - b. \$1.96 on every wristwatch imported
 - c. 1.27% of the value of imported wristwatches
 - d. \$0.51 on every wristwatch imported**
 - e. \$12.75 on every wristwatch imported
67. The following assertion is false:
- a. Average tariffs can be measured as a simple average across product categories.
 - b. In general, average tariffs are higher in developing countries.
 - c. Average tariffs can be weighted by the level of imports.
 - d. In general, average tariffs are lower in developed countries.
 - e. Tariffs on agricultural products are lower than average for most countries.**

68. *The following assertion is false:*

- a. **A specific and an ad valorem tariff cannot be levied on the same product simultaneously.**
- b. Quotas and other types of regulations can also affect trade flows between countries.
- c. Reducing the tariffs on imported goods allows products to enter at lower cost.
- d. Applying the same tariff to all goods imported into the country is an uncommon policy.
- e. Tariffs were perhaps the most commonly applied trade policy.

69. *The following assertion is false:*

- a. Prohibitive tariffs are tariffs set so high as to eliminate imports.
- b. The importance of tariffs has declined in modern times.
- c. **Import quotas are limitations on the value of imports.**
- d. Import quotas are nontariff barriers.
- e. Tariffs have been traditionally used as a source of government income.

70. *Home import demand is:*

- a. what Home consumers demand
- b. what import competitors demand
- c. what Foreign producers supply
- d. the difference between what Foreign consumers demand and what Home consumers demand
- e. **the excess of what Home consumers demand over what Home producers supply**

71. *Home export supply is:*

- a. what Home producers supply
- b. what Foreign consumers demand
- c. the excess of what Home producers supply over what Foreign producers supply
- d. the difference between what Foreign consumers demand and what Home producers supply
- e. **the excess of what Home producers supply over what Home consumers demand**

72. *The following assertion is false:*

- a. During a period of price inflation, an ad valorem tariff would become increasingly more effective than an equivalent specific tariff.
- b. Tariffs have been one of the most common methods used to collect revenue for governments.
- c. **Tariffs raise the cost of importing products from abroad, as well as the cost for domestic firms.**
- d. An ad valorem tariff is not levied as a fixed charge per unit of imports.
- e. Governments rarely apply the same tariff to all goods and services imported into the country.

73. *The following assertion is true:*

- a. **A specific and an ad valorem tariff can be levied on the same product simultaneously.**
- b. Import quotas are limitations on the value of imports.
- c. An ad valorem tariff is levied as a fixed charge per unit of imports.
- d. Tariffs on agricultural products are lower than average for most countries.
- e. In general, average tariffs are higher in developed countries.

74. *Suppose a country has relatively little trade because it has prohibitive tariffs in many import categories and has some trade in a few import categories with relatively low tariffs. In this case, the following assertion is false:*

- a. There would be no tariff revenue in the categories with prohibitive tariffs.
- b. **The trade-weighted average tariff would be relatively high.**
- c. The simple average tariff would register as a higher average tariff.
- d. The simple average tariff would indicate a highly protectionist country.
- e. The trade-weighted average tariff would be relatively low.

75. *To use the average tariff rate on dutiable imports:*

- a. **is the best way to overstate the degree of protection.**
- b. considers all categories in which the tariff is set to zero.
- c. ignores categories in which a tariff is actually levied.
- d. would give a lower estimate of average tariffs than most of the other measures.
- e. is the best way to underestimate the degree of protection.

