**Name:**  ***Click Here To Enter Student Full Name*** **Class Period:**

**Date (enter current date):*****1/1/2001***

**Chapter 3 Exam**

1. **http://webquiz.ilrn.com/media/img/common/onepixel.gif A free-trade zone is a selected area where products can be imported duty-free and then stored, assembled, and/or used in manufacturing.**

*True*

*False*

1. **The \_\_\_\_\_\_\_\_ is the rate of interest charged by banks to their best business customers.**

A) *discount rate*

*B) corporate rate*

C) *mortgage rate*

D) *prime rate*

1. **Geographic factors rarely have an important impact on a nation's business environment.**

*True*

*False*

1. **Each of the following will have an important impact on a nation's economic conditions except:**

*A) the literacy rates and training of its workers.*

*B) the types of technology used by its workers.*

*C) the nation's capital resources.*

*D) the language spoken by its workers.*

1. **Comparative advantage is a situation in which a nation produces products that it:**

*A) is able to produce using the fewest resources.*

*B) is able to produce at which it is relatively more efficient.*

*C) is able to produce at a lower cost than other countries.*

*D) is able to produce that are in high demand in other countries.*

1. **A(n) \_\_\_\_\_\_\_\_ is the value of a currency of one country compared with the value of another.**

*A) balance of payments*

*B) exchange rate*

*C) inflation rate*

D) *conversion rate*

1. **\_\_\_\_\_\_\_\_ is a trade agreement signed by the United States, Canada, and Mexico in 1993.**

*A) The Common Market (CM)*

*B) The North American Community (NAC)*

*C) The North American Free Trade Agreement (NAFTA)*

*D) The General Agreement for Trade and Tariffs (GATT)*

1. **A nation's transportation, communication, and utility systems are part of its \_\_\_\_\_\_\_\_.**

*A) natural resources*

*B) human resources*

*C) infrastructure*

*D) scientific resources*

1. **\_\_\_\_\_\_\_\_ occurs when a firm pays for the right to use a business name or process in a specific way.**

A) *Certification*

B) *Branding*

C) *Authorization*

D) *Franchising*

1. **An unfavorable balance of payments will always result when a nation has a trade deficit.**

*True*

*False*

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1. **If the United States set a 12 percent tariff on imported automobiles, a Toyota that cost the equivalent of $13,000 in Japan would be priced at:**

*A) $14,200 plus shipping in the United States.*

*B) $14,560 plus shipping in the United States.*

*C) $15,420 plus shipping in the United States.*

*D) $16,280 plus shipping in the United States.*

1. **In recent years, the United States has had:**

*A) a trade surplus with most other nations.*

*B) a trade shortage with most other nations.*

*C) a trade equilibrium with most other nations.*

*D) a trade deficit with most other nations.*

1. **Which of the following conditions is likely to cause the value of a nation's currency to decline?**

*A) A high rate of inflation.*

*B) A low rate of unemployment.*

*C) A stable government.*

*D) A steady rate of economic growth.*

1. **A corporation that is involved in business in several nations is known as:**

A) *an international player.*

*B) a multinational company.*

*C) a bilateral competitor.*

*D) an imperialist business.*

1. **Quotas may be set by a country to protect one of its industries from too much foreign competition.**

*True*

*False*

1. **Global business activities may foster understanding, communication, and respect among people of different nations.**

*True*

*False*

1. **A joint venture takes place when:**

*A) two or more companies agree to share a business project.*

*B) one business pays another business to produce goods for it.*

*C) one business buys products from a different firm that it then resells.*

*D) two or more companies agree to share a market rather than compete with each other.*

1. **\_\_\_\_\_\_\_\_ is the making, buying, and selling of goods and services within a country.**

*A) Foreign trade*

*B) International business*

*C) Domestic business*

*D)* *Multinational trade*

1. **The World Trade Organization is designed to help settle trade disputes throughout the world.**

*True*

*False*

1. **Without foreign trade, many things you buy would cost more or not be available at all.**

*True*

*False*