A. MULTIPLE CHOICE: Circle the best answer; partial credit may not be given (2 points each).

1. When you eat a hamburger at a local fast-food restaurant, you are paying for the food and the ___________ regulations it took to produce it.
   *a. 41,000
   b. 4,000
   c. 500
   d. 41
   e. none of the above

2. According to Sanders, the myth of regulation, related to fast-food burgers, is (are)
   a. foreign imports cause food health crises.
   b. ranchers are irresponsible
   *c. liberal government is responsible for the level of regulation
   d. all of the above
   e. none of the above

3. L11a reviewed the horizons for rural communities, including:
   a. the digital economy
   b. entrepreneurs
   c. selling scenery and space
   d. production agriculture
   *e. a, b, c
   f. none of the above

4. L11a reviewed the hurdles for rural communities, including:
   a. globalization
   b. workforce skill needs
   c. entrepreneurship
   d. natural resources
   *e. both a & b
   f. both c & d
   g. none of the above
5. L11a reviewed the trends for rural communities, including:
   a. off-farm income is declining
   *b. farm reliance on government payments is increasing
   c. population is increasing
d. crime rates are up
e. all of the above
f. none of the above

6. ____________________ was the guest speaker who said ________________ is
   (are) the real danger to US agriculture.
a. Dr. Woods, international markets
b. Dr. Holcomb, multi-national business corporations
   *c. Sen. Muegge, who controls genetics and the market
d. Rod Wanger, the expansion of wetlands

7. (A) Food program(s) of the 2002 farm act implemented since its beginning
   include
   a. International School Lunch Program
   b. Food Stamps for legal aliens
c. elimination of the Food Stamp Program
d. elimination of export subsidies for all US agricultural products
   *e. both a & b
f. both c & d
g. none of the above

8. The rationale for government involvement in food policy issues, according to
   Sanders, is that ______________________________ may exist and
   ______________________________ may also exist that harm the weaker and
   lower income public.
a. food threats, conservative policy
   *b. market failures, distributional inequities
   *c. profiteering, exploitation
d. none of the above
   *e. both b & c

9. The fundamental proposition among Sanders’ basic propositions of trade is:
a. trade is bad for many countries
b. trade agreements are ineffective
   *c. increasing trade leads to increased income
d. scarcity is manipulated by big government
e. all of the above
f. both a & b
g. both c & d
h. none of the above
10. “Step 2" refers to:
   a. a US export subsidy for cotton
   b. a US food aid program for foreign countries
   c. the 2-stage process Congress goes through to get the House and Senate to agree on a bill
   d. the target of a dispute case brought by Brazil against the US
   e. all of the above
   *f. both a & d
   g. both b & d
   h. none of the above

11. Food security, according to Knutson, is
   a. the assurance that there is enough food to satisfy market needs
   b. interpreted by some as the right to an adequate diet
   c. a food safety issue
   d. sufficient food to provide all met and unmet wants of the public, including luxury foods
   *e. a, b, c
   f. all of the above
   g. none of the above

12. With respect to food security, the private sector will hold _______________ stocks if the government holds stocks because the speculative value of stocks is _______________.
   *a. less, reduced
   b. more, increased
   c. less, increased
   d. more, reduced
   e. about the same level of, unchanged
   f. none of the above

13. ___________________________ is(are) designed to accomplish more than the single social goal of farm income support, such as environmental goals and rural development; may be trade distorting.
   a. Common Agricultural Policy
   b. Countervailing Congressional Authority
   c. Trade Promotion Authority or Fast Track Authority
   *d. Multifunctionality
   e. none of the above
14. ____________________ is the most serious food safety hazard, and ____________________ the least serious, according to science.
   a. deliberate food additives, pesticide residue
   b. environmental contaminants, malnutrition
   *c. foodborne disease, deliberate food additives
   d. malnutrition, obesity
   e. naturally occurring toxins, bioterrorism
   f. pesticide residue, foodborne diseases

15. ____________________ provided that the President can negotiate trade agreements, offer them to Congress, and Congress can only approve or disapprove, but not amend or change the agreements.
   a. Common Agricultural Policy
   b. Countervailing Congressional Authority
   *c. Trade Promotion Authority or Fast Track Authority
   d. Multifunctionality
   e. none of the above

16. Options for rural community development planning & financing, according to Knutson in ch. 16, 4th ed., include all except:
   a. Business/job development
   b. Education
   c. Rural Health
   *d. urban sprawl
   e. Development planning/financing

17. According to Lesson 8, macroeconomic goals include:
   a. High farm prices, farm profitability, stability.
   b. Economic security, business cycles, stable weather.
   c. High trade surplus, no pollution, world peace, political stability.
   *d. High employment, price stability, growth &/or free market.

18. ___________ policy relates to changes in spending and taxation by ___________, while ___________ policy relates to changing the money supply with reserve requirements, discount rates and open-market operations by the ________.
   a. Monetary, government, fiscal, Fed.
   b. Tax, states, revenue, federal government.
   *c. Fiscal, government, monetary, Fed.
   d. Liberal, Congress, Conservative, Administration.
19. According to CBO estimates in L8 notes the rising federal spending suggest the likelihood of a Federal budget _______________ well over _______________ by 2015, using the “CBO-realistic” estimate.
   a. deficit, $50 billion
   b. surplus, $100 billion
   c. balanced budget, around zero
   d. deficit, $600 billion

20. While imported food accounts for ____% of fruit consumed and ____% of vegetables, less than ____% is FDA inspected.
   a. 75, 50, 10
   b. 10, 10, 10
   c. 25, 15, 5
   d. 50, 23, 17
   e. none of the above

21. US __________ over the past 3 decades have exhibited a boom-bust cycle, with the 1990s suggesting more market orientation, more __________ and a greater share of value-added __________, according to lecture notes.
   a. food sales, protectionism, food products.
   b. imports, competition, imports.
   c. exports, competition, exports.
   d. obesity, protectionism, health products.
   *e. none of the above

22. MERCOSUR is a common market made up of Argentina, Paraguay, Uruguay and
   a. the EU
   b. Chile
   c. Mexico
   d. Cuba
   *e. Brazil
   f. all of the above
   g. none of the above

23. _______________ trade barriers were not a key focus of the GATT until the Uruguay Round in 1986.
   a. Financial
   b. Agricultural
   c. Petroleum
   d. Steel
   e. all of the above
   f. none of the above
24. In class, Sanders explained that during the Uruguay Round of GATT and the Doha Round of WTO, negotiators are using categories of colored boxes to categorize the different types of domestic and trade policies that may or may not be considered for reductions. The amber box describes:
   a. policies that are trade distorting and are considered for reductions.
   b. policies that are not trade distorting and are not considered for reductions.
   c. policies that are trade distorting but may not be considered for reductions.
   d. all of the above are in the amber box.
   e. both (a) and (b) are in the amber box.
   f. none of the above.

25. Developing countries, according to Knutson and Sanders,
   a. argue they have not had an equitable role in trade negotiations
   b. argue in favor of free trade
   c. want to allow corporate investment in their economies
   d. criticize domestic agricultural supports and export subsidies of developed countries
   e. both a and d
   f. both b and c

26. Since the passage of NAFTA and the WTO, the US agricultural exports to Mexico have ________, and the US exports (sells) _________ to Mexico than Mexico exports to the US.
   a. increased, more
   b. declined, less
   c. declined, more
   d. increased, less
   e. none of the above

27. ____________________________ discussed the agribusiness sector as including ___________________ and the farm or ranch.
   a. Dr. Holcomb, farm suppliers
   b. Dr. Woods, processing
   c. Sen. Muegge, restaurants
   d. Dr. Holcomb, grocery
   e. Dr. Woods, retail food
   f. Sen. Muegge, industrial food processing
   g. a & d
   h. b & e
   i. c & f
   j. none of the above
28. China became a member of the WTO in 2002. If they comply with WTO rules to open markets, it will likely result in what impacts for US agriculture (assuming all other factors remain unchanged)?
   a. Demand will increase & price will fall.
   *b. Demand will increase & price will increase.
   c. Demand will decline & price will increase.
   d. Demand will decline & price will fall.
   e. Supply will increase, while demand will remain unchanged.

29. The GATT grew out of the failure of Bretton Wood's _______________________; the recent Uruguay Round renamed the agreement and organization the _________________________________.
   a. WTO, International Trade Organization.
   c. UN, NAFTA.
   d. WWII peace talks, Yalta Accord.

30. With respect to current trade talks in the __________, a domestic program that would fit in __________ box would be input subsidies.
   a. WTO, red
   b. GATT, blue
   c. GATT, green
   *d. WTO, amber
   e. ITO, amber
   f. ITO, red
   g. none of the above

31. Which of the following terms best describes the policy of an exporting country that results in the indirect impact of higher domestic prices in the exporting country?
   a. Export tax
   b. Export embargo
   c. Export license
   *d. Export subsidy
   e. None of the above.

32. Risk acceptability is an important issue in food safety policy. Policies that call for the least risk exposure are
   *a. zero tolerance and de minimus risk.
   b. zero tolerance & no significant risk.
   c. de minimus & risk benefit.
   d. no significant risk and risk benefit
33. New talks in the WTO Doha Round suggest that
   *a. counter cyclical payments may be allowed in the Blue Box
   b. Cotton can keep Step 2 support
   c. food aid may be de-restricted
   d. developing countries can restore tariffs
   e. all of the above
   f. none of the above

34. With respect to current trade talks in the __________, a domestic program that
    would fit in the blue box would be ___________________________.
   a. GATT, crop insurance
   b. GATT, export subsidy
   c. ITO, disaster assistance
   d. ITO, flex payments
   e. WTO, extension
   *f. WTO, EC compensatory payments
   g. none of the above

35. According to L9b (10b), (a) key difference(s) between low income countries and
    the US that is(are) slowing Doha Round trade talks is(are):
   a. the US is pushing for deep tariff cuts by developing countries now
   b. developing countries want domestic support cuts now and tariff cuts later
   c. developing countries want textile inspections
   d. the US wants cuts in conservation programs
   *e. both a and b
   f. both c and d
   g. all of the above
   h. none of the above

36. Based on L9b (10b), all of the following are correct, except
   a. the US has a heavy stake in global markets, with one in three acres going
to export.
   b. low-income countries think that hi-income countries ag subsidies depress
world market prices
   c. low-income countries are more dependent on agriculture than are hi-
income countries
   d. the US, EU and Japan have more to lose in output and employment than
Canada, Brazil and Korea.
   *e. no; all of the above are correct, according to L9b (10b).
37. The US has an overall trade ____________, that is approaching over ____________ for 2005, while the US agricultural product trade is in ____________, and was about ____________ for 2004.
   *a. deficit, $700 billion, surplus, $9.5 billion
   b. balance, zero, deficit, $600 billion
   c. surplus, $600 billion, deficit, $4 billion
   d. deficit, $10 billion, deficit, $10 billion
   e. none of the above

38. According to Knutson, CAP features include all except:
   a. intervention prices to buy and store EU commodities
   *b. GMO production and imports
   c. export subsidies or restitutions for EU exporters to compete in world markets
   d. direct payments to farmers
   e. supply controls
   f. no; all are CAP features

39. The Foreign Market Development Cooperator Program in the current farm act is known as the ____________ program, and funding authority was ____________.
   a. export credit, decreased
   b. emerging market, increased
   *c. cooperator, increased
   d. export enhancement, decreased
   e. none of the above

40. Assume you’re hired by the Oklahoma Cattlemens Association to keep track of food safety and nutrition policy. If new studies support the claims that high protein-low carb diets (meat) are healthy and Congress adds funds to extension programs to increase public awareness, how will this likely impact the beef market, assuming all other factors remain constant?
   a. Demand for beef will decrease, causing price of beef to decrease.
   b. Demand for beef will decrease, causing price of beef to increase.
   *c. Demand for beef will increase, causing price of beef to increase.
   d. Demand for beef will increase, causing price of beef to decrease.
   e. Supply of beef, rather than demand, will change.
41. Dr. Woods lecture notes discussed the ________________________________,
a new Oklahoma Cooperative Extension program for rural development.
   a. Oklahoma Agricultural Producers Act
   b. Oklahoma Rural Employment Act
   c. Oklahoma farm investment program
   *d. Initiative for the Future of Rural Oklahoma
   e. none of the above

42. If the Senate Ag Committee proposed to decrease loan rates on the program
    commodities such as wheat, what is most likely to occur?
   a. Since loan rates act as a floor on price, the minimum price of US wheat will
      increase, making US wheat less competitive on world markets.
   *b. Since loan rates act as a floor on price, the minimum price of US wheat will
      decrease, making US wheat more competitive on world markets.
   c. Since loan rates act as a floor on price, the minimum price of US wheat will
      increase, making US wheat more competitive on world markets.
   d. Loan rates have no impact on price, and have nothing to do with world
      markets.

43. Dr. Woods lecture notes explain that most Oklahoma population loss is in
   a. Eastern Oklahoma
   b. throughout Oklahoma
   *c. Western Oklahoma
   d. only in urban Oklahoma counties
   e. none of the above

44. Most employment loss in Oklahoma in the past few years has come in
   a. Eastern Oklahoma
   b. throughout Oklahoma
   *c. Western Oklahoma
   d. only in urban Oklahoma counties
   e. none of the above

45. _______% of carcinogens in diets are the result of natural toxins in plants, and
    natural toxins are about _______times more concentrated in plants than synthetic
    chemicals.
   a. 67, 1,000
   b. 1, 100
   c. 50, 50
   *d. 99.9, 10,000
   e. none of the above
46. ________% of consumers eat raw/undercooked eggs, ________% eat undercooked hamburger, ________% eat raw clams/oysters, suggesting that consumers are part of the food safety problem in the US.
   a. 50, 25, 25
   b. 17, 23, 50
   *c. 50, 23, 17
   d. 33, 50, 33
   e. none of the above

47. The “Big Mac Index” refers to ________________________________, and it has the Big Mac ________________ in Japan.
   a. the burger’s contribution to obesity, causing less obesity
   b. the level of fast food regulation, more regulated
   *c. exchange rates among countries, undervalued
   d. the level of trade subsidies, more subsidized

B. SHORT ANSWER

48. Based on the readings and lectures and the concept of "public policy", provide a complete definition of agricultural public policy (6 points).

   Knutson: Ag policy is a course of action or guiding principle pursued by government in production, resources utilized in production, marketing, and consumption of food and rural America conditions. Sanders: Whatever government chooses to do or not do regarding ag.