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

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 ____________________ least serious, according to science.
   a. deliberate food additives, pesticide residue
   b. environmental contaminants, malnutrition
  *c. foodborne diseases, 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 employment, price stability, growth &/or free market.
   d. High trade surplus, no pollution, world peace, political stability.

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. Fiscal, government, monetary, Fed.
   b. Monetary, government, fiscal, Fed.
   c. Tax, states, revenue, federal government.
   d. Liberal, Congress, Conservative, Administration.
19. According to CBO estimates in L8 notes the rising federal spending suggest the likelihood of a Federal ________________ well over ________________ by 2015, using the “CBO-realistic” estimate.
   a. surplus, $100 billion
   b. balanced budget, around zero
   *c. deficit, $600 billion
   d. deficit, $50 billion

20. The ag export bust of the 1980s was caused by:
   a. strong dollar
   b. global recession & lower oil prices.
   c. trade barriers.
   *d. both (a) & (c).
   e. None of the above.

21. US exports over the past 3 decades have exhibited a ________________ cycle, with the 1990s suggesting more market orientation, more ___________ and a greater share of _______________ exports, according to lecture notes.
   a. stable, protectionism, bulk.
   b. boom, competition, bulk.
   *c. boom-bust, competition, value-added.
   d. boom-bust, protectionism, value-added.

22. MERCOSUR is a common market made up of Argentina, Paraguay, Uruguay and
   *a. Brazil
   b. the EU
   c. Chile
   d. Mexico
   e. Cuba
   f. all of the above
   g. none of the above
23. 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 not trade distorting and are not considered for reductions.
   b. policies that are trade distorting but may not be considered for reductions.
   *c. policies that are trade distorting and are considered for reductions.
   e. all of the above are in the amber box.
   d. both (a) and (b) are in the amber box.
   e. none of the above.

24. Agricultural trade barriers were not a key focus of the GATT until the _____ Round in _______.
   a. Doha, 2001
   b. Dillon, 1960
   c. Kennedy, 1964
   d. Tokyo, 1974
   *e. Uruguay, 1986
   f. all of the above rounds were significant for agriculture
   g. a, b & e
   h. 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. declined, less
   b. declined, more
   c. increased, less
   *d. increased, more
   e. none of the above
27. The ________________________________ was the most significant multilateral trade agreement and organization in the last half of the 20th century, and was replaced in the _______________ Round in the 1990s.
   *a. General Agreement on Tariffs and Trade, Uruguay
   b. General Agreement on Tariffs and Trade, Tokyo
   c. World Trade Organization, Uruguay
   d. World Trade Organization, Tokyo
   e. 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 increase.
   b. Demand will increase & price will fall.
   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 Food for Peace plan was:
   a. Designed to exhibit our humanitarianism.
   b. A great success buying us friends in the third world.
   *c. Designed to dispose of our surplus, aid less developed countries and accomplish foreign policy objectives simultaneously.
   d. Used less extensively in the 50s and 60s than today.

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

31. Which of the following terms best describes the situation where an exporting country institutes a policy that raises domestic prices in the exporting country?
   a. Export tax
   b. Export embargo
   *c. Export subsidy
   d. Export license
   e. None of the above.
32. The ___________________________ replaced the ____________ as part of the Uruguay Round negotiations.
   a. General Agreement on Tariffs and Trade, International Trade Organization.
   *b. World Trade Organization, General Agreement on Tariffs and Trade
   c. World Trade Organization, International Trade Organization
   d. International Trade Organization, FQPA
   e. none of the above.

33. The ____________, ____________, ____________ box system was devised in the Uruguay Round to categorize domestic policies that may or may not be ____________-distorting.
   a. red, white, blue, trade
   b. red, yellow, green, environment
   c. amber, blue, green, budget
   *d. amber, blue, green, trade
   e. red, yellow, green, culture
   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. WTO, extension
   *b. WTO, EC compensatory payments
   c. GATT, crop insurance
   d. GATT, export subsidy
   e. ITO, disaster assistance
   f. ITO, flex payments
   g. none of the above

35. According to L9b, (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, 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.

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. balance, zero, deficit, $600 billion
   *b. deficit, $700 billion, surplus, $9.5 billion
   c. surplus, $600 billion, deficit, $4 billion
   d. deficit, $10 billion, deficit, $10 billion
   e. none of the above

   a. This statement is nonsense; no one wants instability.
   b. This is true because agribusiness is in a better position to cope with instability than farmers, especially mid-size farms.
   c. This statement is true and is the reason you can’t trust big business.
   d. This is true because agribusiness can sell producers services of how to cope with instability.
   e. This is true because price turns always present an opportunity to profit by the aggressive entrepreneur.
   *f. (b), (d) & (e)
   g. none of the above.

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. According to ___________________, free trade policy impacts on agribusiness include
   a. Dr. Holcomb, increased trade volume and agribusiness functions.
   b. Dr. Woods, increased agribusiness market power and price variability.
   c. Dr. Holcomb, decreased the role of marketing boards.
   d. Dr. Holcomb, increased agribusiness market power and price variability.
   e. Dr. Woods, had imperceptible impacts.
   *f. (a), (c), (d)
   g. none of the above.

41. (An) Agribusiness program(s) in the new farm bill (2002) include(s):
   a. Agriculture Innovation Center Demonstration
   b. Rural Electronic Commerce Extension
   c. Rural Strategic Investment
   d. Training Workers for Higher-Valued Crops
   e. Business & Industry (B&I) Loans
   f. all of the above
   *g. a, b, d, e
   h. None of the above

42. During debate and development of the 2002 Farm Act, the Senate Ag Committee proposed to increase loan rates on the program commodities such as wheat. To evaluate the impact of this action for agribusinesses who export 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. Knutson suggests reasons that agribusiness firms tend to be trade-oriented. Reasons he cites for this include:
   *a. volume expansion, more functions to perform, more market power for intermediaries, more price variability.
   b. volume restrictions, more functions to perform, less market power for intermediaries, more price stability.
   c. market control, survival of the fittest, transnational corporations, growth.
   d. volume expansion, fewer functions to perform, less market power for intermediaries, more price stability.
44. Risk acceptability is an important issue in food safety policy. Policies that call for the least risk exposure are
   a. zero tolerance & no significant risk.
   b. de minimus & risk benefit.
   c. no significant risk and risk benefit
   *d. zero tolerance and de minimus risk.

45. 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

46. 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 increase, causing price of beef to increase.
   b. Demand for beef will decrease, causing price of beef to decrease.
   c. Demand for beef will decrease, 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.

47. ______% 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. 99.9, 10,000
   b. 67, 1,000
   c. 1, 100
   d. 50, 50
   e. none of the above
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.