Quiz 3 must be handed in no later than during class Thursday Nov 17. Quiz 3 has 10 scale points: questions 1-10 are one-half scale points each. Question 11 is 1 scale point. Question 12 is worth 4 scale points (one-half scale point for each definition). You will receive participation points as follows: 13 scale points = 5 participation points; 10-12 scale points = 4 participation points; 6-9 scale points = 3 participation points; 3-5 scale points = 2 participation points; 1-2 scale points = 1 participation point; no quiz or zero scale points = 0 participation points.

1. 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.

2. ___________ 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 ________.
   b. Monetary, government, fiscal, Fed.
   c. Tax, states, revenue, federal government.
   d. Liberal, Congress, Conservative, Administration.

3. Knutson identifies 4 macroeconomic variables that impact agriculture. These include:
   a. raw material, trade policy, oil prices, cartels, wars.
   b. income growth, inflation rate, interest rate, value of the dollar.
   c. income growth, welfare programs, trade policy, world stability.
   d. The party in power, the Fed chairman, what other countries are doing, the rural-urban mix.

4. 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
5. 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.

6. ________ fiscal and ____________ monetary policy results in high interest rates, a strong dollar, and a worsening trade deficit. Given the Bush promise to cut the deficit and the Fed’s moves to raise interest rates, this could be part of the future in the next 4 years.
   a. loose; tight
   b. tight; tight
   c. moderate; moderate
   d. tight; loose
   e. none of the above

7. 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.

8. The US Trade Act of 1974 allows temporary protectionist policies, known as trade remedy laws (TRLs)
   a. against dumping
   b. for import-sensitive industries to facilitate adjustment
   c. to guarantee higher prices for all agricultural products that are exported
   d. both a & c
   e. All of the above.
   f. None of the above.

9. ________ fiscal policy combined with ________ monetary policy, an example of which was(is) ________________ will likely result in high real interest rates, low investment, high debt costs, as well as lower living standard and more protectionism.
10. ______ fiscal policy combined with ______ monetary policy, an example of which was(is) ______ will likely result in increasing interest rates, increasing domestic investment, increasing employment, and increasing debt costs, as well as declining inflow of ______ capital and hyperinflation (4 points).

11. Briefly outline the “basic propositions of trade” and explain why the fundamental proposition is key to this concept.
12. In 1-3 sentences or two, define each of these:
   a. multifunctionality
   b. countervailing duty
   c. quota
   d. NAFTA
   e. WTO
   f. FTAA
   g. CAP
   h. TPA