Quiz 4 must be handed in no later than during class Thursday Nov 17. Quiz 4 has 14 scale points: questions 1-18 are one-half scale points each. Question 19 is 2.5 scale points (one-half point for each correct selection). Question 20a is 1.5 points, while 20b is 1 point. You will receive participation points as follows: 14 scale points = 5 participation points; 11-13 scale points = 4 participation points; 6-10 scale points = 3 participation points; 3-6 scale points = 2 participation points; 1-2 scale points = 1 participation point; no quiz or zero scale points = 0 participation points.

1. Regarding NAFTA agricultural trade, Knutson says ______________ has an absolute advantage in soybean production, which leads to a comparative advantage in poultry, fed-beef and hogs, while ____________ has a comparative advantage in wheat production, while _____________ has an absolute advantage in vegetable and sugar production.
   a. Canada, Mexico, the US
   b. Mexico, the US, Canada
   *c. the US, Canada, Mexico
   d. Mexico, Canada, the US
   e. none of the above

2. 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

3. 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.
4. 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

5. 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

6. 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

7. 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

8. US agricultural sales to the rest of the world have trended ________ since the passage of NAFTA and WTO.
   *a. up
   b. down
   c. no trend evident
   d. no data available
   e. none of the above
9. 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

10. 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.

11. The ___________ grew out of the failure of Bretton Wood’s International Trade Organization, with its recent round, _____________, renaming the agreement and organization to the ______________.
   a. General Agreement to Talk & Talk, Uruguay, World Trade Organization.
   *b. General Agreement on Tariffs & Trade, Uruguay, World Trade Organization.
   c. General Agreement on Tariffs & Trade, Tokyo, NAFTA.
   d. General Agreement on tariffs & Trade, Geneva, WTO.

12. 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.

13. 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
14. 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.

15. Comparing data for 1995 and 2000, US livestock and products exports to Mexico are significantly higher for
   *a. red meats
   b. fats
   *c. live animals
   *d. hides/skins
   e. all of the above
   f. none of the above

16. 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.

17. 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

18. 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
19. Match each of the 3 trade policy boxes with 1-2 examples each of domestic/trade policy. Guessing may hurt your score. Note: use the box definitions before the current proposed modified boxes (see the end of 9b)

<table>
<thead>
<tr>
<th>Box</th>
<th>Amber Box</th>
<th>Blue Box</th>
<th>Green Box</th>
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<tbody>
<tr>
<td>a.</td>
<td>C crop insurance</td>
<td>A marketing loans</td>
<td>C income assistance</td>
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<td></td>
<td>C disaster assistance</td>
<td>B deficiency payments</td>
<td>C CRP</td>
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<td></td>
<td>A export subsidy</td>
<td>C extension</td>
<td></td>
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<td></td>
<td>C flex (AMTA) payment</td>
<td>C research</td>
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20. Based on the attachment at the class website under “Announcements–Big Mac Index”:

a. Explain the “Big Mac Index” and where the US currently stands with respect to Japan.

The index is an easy to understand way to explain exchange rates & their importance. The index values Big Macs in comparison with exchange rates. According to the index the Big Mac is undervalued in Japan in comparison with the US. Big Macs are used because they are now found all over the world.

b. Explain “Burgernomics”

The Economist Magazing uses Big Macs to teach the macroeconomics of currencies and exchange rates. McDonalds has restaurants in most countries, so exchange rates can be used to estimate whether Big Macs are over-valued or under-valued.