

# 6.2 Globalisation, Free Trade & Protection

## Question Paper

Course	CIE IGCSE Economics
Section	6. International Trade & Globalisation
Topic	6.2 Globalisation, Free Trade & Protection
Difficulty	Medium

**Time allowed:** 30  
**Score:** /20  
**Percentage:** /100

### Question 1

Which combination of government policies is **most** likely to increase the rate of growth of domestic production in an economy?

- A. an increase in expenditure on infrastructure and an increase in income tax
- B. an increase in interest rates and an increase in quotas on imported goods
- C. an increase in sales tax and an increase in education expenditure
- D. an increase in subsidies to domestic industry and an increase in tariffs

[1 mark]

### Question 2

What is the **least** likely feature of globalisation?

- A. integration of trade
- B. international capital flows
- C. the spread of multinational companies
- D. unrestricted movement of labour

[1 mark]

### Question 3

What is the **most** likely effect of a decrease in tariffs?

- A. increased inflation rates
- B. increased consumer choices
- C. increased government revenue from tariffs
- D. increased revenues of domestic firms

[1 mark]

#### Question 4

A country changes to a policy of self-sufficiency in agriculture, instead of relying on world supplies.

What is likely to happen in the country as a result?

- A. Agricultural prices will rise.
- B. Farm output will fall.
- C. More farmers will be unemployed.
- D. More food will be imported.

[1 mark]

#### Question 5

What is a disadvantage of trade protection of manufactured goods?

- A. It can lead to retaliation from trading partners.
- B. It encourages infant industries to grow.
- C. It increases demand for domestic manufactured goods.
- D. It reduces outflows of currencies to pay for imports.

[1 mark]

#### Question 6

What would reduce the volume of international trade in the world economy?

- A. a German bank making a loan to a Nigerian company
- B. a Japanese car manufacturer establishing a factory in the Czech Republic
- C. the Canadian government introducing quotas on Malaysian electronics products
- D. the Swedish government granting aid to Somalia

[1 mark]

### Question 7

A country imposes tariffs and quotas on imported goods. What will citizens of that country experience?

- A. higher prices
- B. higher unemployment
- C. higher welfare
- D. wider consumer choice

[1 mark]

### Question 8

The US government decides to reduce the size of the quota on a good it buys from China. What is likely to happen?

- A. The good will become cheaper in the US.
- B. The US balance of trade will worsen.
- C. The US government's revenue will decline.
- D. There will be less of the good imported into the US.

[1 mark]

### Question 9

Many low-income countries rely on multinational companies (MNCs) to provide economic development.

What is a disadvantage of this for the low-income country?

- A. Local firms close because MNCs are more efficient.
- B. New production techniques are introduced.
- C. The balance of payments may improve.
- D. The MNCs have to pay taxes on their profits.

[1 mark]

### Question 10

Protectionist policies reduce the level of global economic growth.

What is a possible reason for this?

- A. Incomes earned from trading decline.
- B. Tariffs encourage trade.
- C. The average cost of production decreases.
- D. The production possibility of an economy expands.

[1 mark]

### Question 11

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[1 mark]

### Question 12

A newspaper headline stated 'Free trade helps the world's poorest'.

Why might this be correct?

- A. Employment will be focused in hi-tech industries.
- B. Environmental disasters will be avoided.
- C. Free trade reduces competitiveness for domestic firms.
- D. The cost of living is likely to go down with free trade.

[1 mark]

### Question 13

Which action might be taken by an economy wishing to produce a greater range of products?

- A. concentrate on the production of primary products
- B. encourage imports of manufactured goods
- C. encourage investment by multinational companies
- D. increase interest rates

[1 mark]

### Question 14

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[1 mark]

### Question 15

In 2013, the European Union (EU) levied a 48% tariff on low-priced Chinese solar panels because the low price was the result of subsidies from the Chinese government.

Which argument for protectionism was the EU using?

- A. the anti-dumping argument
- B. the infant industry argument
- C. the strategic industry argument
- D. the sunset industry argument

[1 mark]

### Question 16

What is a valid economic argument in favour of trade protection?

- A. It allows greater consumer choice.
- B. It encourages trade liberalisation.
- C. It helps support infant industries.
- D. It keeps prices lower.

[1 mark]

### Question 17

The table shows the tariffs imposed on imported tropical fruit in the European Union (EU) according to the degree of processing.

	EU tariffs (% rate)
fresh tropical fruit	8.0
canned tropical fruit	11.3
bottled tropical fruit drinks	23.6

What might be the reason for this pattern of tariffs?

- A. to encourage imports of processed products into the EU
- B. to encourage tropical countries' exports
- C. to help manufacturing industries in the EU
- D. to help tropical countries develop manufacturing industries

[1 mark]

### Question 18

A government imposes a limit of 2 million on the number of smartphones imported into the country.

Which term is given to this limitation?

- A. ban
- B. embargo
- C. quota
- D. tariff

[1 mark]

### Question 19

The government of a developing country allows a multinational mining company to mine minerals in order to improve the standard of living of the local people.

Which action by the multinational company (MNC) will not lead to an improvement in the standard of living of the local people?

- A. building roads to assist transport
- B. exporting mineral ore
- C. providing skills training
- D. returning profits overseas

[1 mark]

### Question 20

A country has decided that it wants to increase free trade with its trading partners.

Which measure would help it achieve this objective?

- A. a higher quota on imported cars
- B. a subsidy to domestic car producers
- C. an embargo on cars produced in other countries
- D. higher tariffs on imported goods

[1 mark]