

Name _____

Date _____

Class _____

Teacher _____

Quiz: Does Free Trade Create Prosperity

Directions: Select the answer that best completes the sentence.

- 1) NAFTA, the North American Free Trade Agreement, _____.
 - A) caused an increase in the prices of goods imported into the United States
 - B) hurt businesses overseas because of an increase in labor demands
 - C) lowered prices on clothing, toys, and television sets sold in the United States
 - D) caused more job losses than job gains in the United States

- 2) American-based companies moving jobs to other countries is known as _____.
 - A) protectionism
 - B) outsourcing
 - C) trade deficit
 - D) equal opportunity

- 3) Lower prices on products and services _____.
 - A) allows people to invest more and/or spend the savings to buy more of what they want
 - B) hurts families more than it hurts individuals
 - C) results in higher taxes paid by American-based companies, leading to fewer jobs
 - D) sounds good but leads to inflation, which is not good

- 4) Based on this video by John Stossel, one example of a trade deficit could be _____.
 - A) trading a Michael Jordan basketball card for a LeBron James basketball card
 - B) exchanging your \$100 bill for five \$20 bills
 - C) having lunch with a friend
 - D) an individual purchasing clothing at a retail store

- 5) The main point of this video is that _____.
 - A) forcing other countries to trade devalues the goods and services that are provided
 - B) people benefit from free trade
 - C) when companies hire workers abroad, they hire fewer workers in the United States
 - D) foreign trade causes Americans to lose their jobs

Does Free Trade Create Prosperity – Answer Key:

1. C
2. B
3. A
4. D
5. B