NOVA SCOTIA ECONOMICS 11 · UNIT E

Canada and the World Economy — Practice Test

Nova Scotia Economics 11 • 25 questions

This practice test was made by AI and there may be mistakes. If a question or answer looks wrong, use the Flag a mistake button to let Brett know so he can fix it.

1 **An export is a good or service sold to buyers in**

- A the same town
- B another country
- C a local store
- D a province only

Understand It with Pulse | Flag a mistake

2 **An import is a good or service bought from sellers in**

A the same province

B another country

C a local farm

D a city only

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3 **If Canada exports goods worth 500 and imports goods worth 400, the trade balance is a surplus of**

A 900

B 400

C 100

D 50

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4 **If Canada exports goods worth 300 and imports goods worth 450, the trade balance is a deficit of**

- A 750
- B 300
- C 450
- D 150

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5 **A trade surplus occurs when the value of exports is greater than the value of**

- A imports
- B production
- C consumption
- D investment

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6 **A trade deficit occurs when the value of imports is greater than the value of**

- A savings
- B exports
- C taxes
- D wages

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7 **Canada's largest trading partner is the**

- A China
- B United Kingdom
- C United States
- D Mexico

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8 **The agreement known as CUSMA, is a trade agreement among Canada, the United States and**

A China

B Britain

C Japan

D Mexico

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9 **CUSMA replaced the earlier North American Free Trade Agreement, known as**

A NAFTA

B GATT

C WTO

D OPEC

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10 **A tariff is a tax on**

A exported services only

B imported goods

C local sales

D personal income

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11 **A tariff on imports usually makes imported goods more expensive and can protect**

A foreign producers

B consumers only

C domestic producers

D exporters only

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12 **A quota is a limit on the quantity of a good that may be**

A produced locally

B sold in stores

C advertised

D imported

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13 **Free trade means trade between countries with few or no**

A tariffs or quotas

B goods at all

C transport costs

D currencies

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14 **Comparative advantage means a country benefits by specializing in goods it produces at a lower**

A money cost only

B opportunity cost

C quality only

D volume only

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15 **The exchange rate is the price of one currency in terms of**

A gold only

B goods only

C another currency

D labour only

Understand It with Pulse | Flag a mistake

16 **If the Canadian dollar rises against the United States dollar, Canadian exports to the United States become**

A cheaper for American buyers

B unchanged in price

C banned

D more expensive for American buyers

Understand It with Pulse | Flag a mistake

17 **If the Canadian dollar falls, imports into Canada generally become**

A more expensive

B cheaper

C unchanged

D tax free

Understand It with Pulse | Flag a mistake

18 **Gross Domestic Product, known as GDP, measures the total value of goods and services produced in a country in a**

A month only

B year

C decade

D city only

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19 **GDP per capita is GDP divided by**

A exports

B imports

C population

D area

Understand It with Pulse | Flag a mistake

20 **A mixed economy combines private enterprise with**

A no markets

B no private property

C central planning only

D government involvement

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21 **A free enterprise system is based mainly on private ownership and**

A market competition

B government planning

C foreign control

D collective farms

Understand It with Pulse | Flag a mistake

22 **Foreign direct investment occurs when a firm from one country builds or buys businesses in**

A its home town only

B another country

C a bank only

D a stock market only

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23 **A multinational corporation operating in Canada may bring investment, jobs and**

A tariffs

B taxes only

C technology

D imports only

Understand It with Pulse | Flag a mistake

24 **Global supply chains mean parts of a product are made in**

- A one factory only
- B one town only
- C one province only
- D different countries

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25 **The World Trade Organization, known as the WTO, sets rules for**

- A international trade
- B world health only
- C global banking only
- D peacekeeping only

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ANSWER KEY

1. B
2. B
3. C
4. D
5. A
6. B
7. C
8. D
9. A
10. B
11. C
12. D
13. A
14. B
15. C
16. D
17. A
18. B
19. C
20. D
21. A
22. B
23. C
24. D
25. A

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