



## International Business

### Chapter 4 Government and Political Influences on Business

(a) boycott, (b) common market, (c) democracy, (d) duty, (f) economic nationalism, (g) expropriation, (h) free-trade agreement, (i) free or foreign-trade zone, (j) most favored nation (MFN) status, (k) political risk, (l) political system, (m) privatization, (n) protectionism, (o) quota, (p) tax holiday, (q) totalitarian (system) (r) trade embargo.

1. \_\_\_\_\_ A government system in which political control is held by one person or a small group of people.
2. \_\_\_\_\_ A tax on imported products.
3. \_\_\_\_\_ A limit on the amount of a product that can be imported from a given country.
4. \_\_\_\_\_ Government policy used to protect local or domestic industries from foreign competition..
5. \_\_\_\_\_ Designated area where products can be imported duty-free..
6. \_\_\_\_\_ Designation given to certain countries that allow their products to be imported into the granting country under the lowest customs duty rate..
7. \_\_\_\_\_ .An arrangement between countries that eliminates duties and trade barriers on products traded
8. \_\_\_\_\_ The selling of government-owned companies to private citizens.
9. \_\_\_\_\_ A policy of restricting foreign ownership of local companies and hindering foreign imports.
10. \_\_\_\_\_ Complete ban on any trade with a particular country.
11. \_\_\_\_\_ Risk of government among countries that eliminates trade barriers, encourages investment, and allows workers to move freely across borders.
12. \_\_\_\_\_ A political system in which all people take part in making the rules that govern them.
13. \_\_\_\_\_ An agreement among countries that eliminates trade barriers, encourages investment, and allows workers to move freely across borders.
14. \_\_\_\_\_ Means by which people in a society make the rules by which they live.
15. \_\_\_\_\_ Government takeover of a foreign-owned business.

16. \_\_\_\_\_ Absolute restriction on the imports of a certain products from certain countries.
17. \_\_\_\_\_ Tax incentive used by governments to attract foreign investment.

### Reviewing your Reading

1. In what ways do governments discourage international business?
2. How can customs duties be used by governments as a trade barrier?
3. How can a government use import quotas as a trade barrier?
4. In what specific ways do governments encourage international business?
5. What are the advantages of free-trade agreements between countries?
6. What are three examples of political risk with respect to international business?
7. How do market economies differ from command economies ?
8. Why do governments give tax incentives to encourage foreign companies to invest in their countries?
9. How do progressive taxes differ from regressive taxes? Which one takes a larger percentage of income from a lower income person? Why?

