Global Economics and International Economic Relations.d

1. According to the theory of comparative advantage, which of the following is not a reason why countries trade?
2. Which of the following statements would a mercantilist not agree with?
3. If all prices in one country (country A) are higher than all prices in another country (B) when compared at the wage rates that happen to prevail in the two countries, and if the countries share the same currency, then if the nominal wage rate in country B remains fixed
4. According to the theory of comparative advantage, a country will export a good only if
5. According to the theory of comparative advantage, countries gain from trade because
6. If international trade takes place as a result of comparative advantage, it will cause which of the following effects in the participating countries?
7. Scholars at MIT recently tested the theory of comparative advantage. One problem with doing this is that
8. Bernhofen and Brown tested the theory of comparative advantage by looking at data from 19th century Japan. This allowed them to observe which of the following data that would not normally be available?
9. Clyde Prestowitz, in his assigned reading, cites a study that measures various costs of US trade with China. Which of the following is not one of those costs?
10. In the Embargo Act mentioned in the Costinot and Rodriguez-Clare reading, the US banned trade with
11. … is a group of countries agree to abolish all trade restrictions and barriers.
12. EU stands for …
13. The abbreviation SAARC stands for …
14. The full form of WTO is …
15. …was replaced by WTO on January 1, 1995.

16 In International Trade, Full form of NAFTA is … .

17 AFTA is … .

18 ASEAN stands for … .

19 …was established by a multilateral treaty of 23 countries in 1947.

20 In International Trade, IMF stands for … .

21 The Heckscher-Ohlin theorem looks to … to explain trade flows.

22 The quantity and quality of … of a country are its factor endowments.

23 Identify ways to define factor abundance.

24 Production possibility frontier skewed to the X-axis because of …

25 An autarky point is …

26 The movement to a higher community indifferent curve because of …

27 Identify the assumption(s) of Heckscher Ohlin model

28 Heckscher Ohline model …

29 According to the Heckscher-Ohlin theorem … countries should export … products.

30 Through specialization and trade, consumers are generally made …

31 The foreign direct investment includes … .

32 The three disputes of FDI are over … .

33 The Treaty of Rome was signed in the year … .

34 When did Austria join the European Union?

35 For spreading information, the foreign policy decision-makers rely on … .

36 More expansion of foreign direct investment can boost … .

37 How will the offer curve react when customers are heterogeneous?

38 Which of the following are improved when capital and labour are moved internationally?

39 Which industry will have a free entry?

40 What is it called when a country is specialised in a particular good and then it trades the good with other countries?

41 Foreign aid … ?

42 Which is NOT a theoretical perspective on international relations … ?

43 Which is NOT a common objective of states?

44 Before the Treaty of Westphalia (1648) political organization around the world had been … ?

45 Historically nations are impacted by … ?

46 An import tariff is a tax or duty levied on … commodities.

47 An … is a tax or duty levied on exported commodities.

48 …refers to purchase of goods from a foreign country.

49 …is a fixed percentage on the value of the traded commodity.

50 In most countries, foreign trade represents a significant share of …

51 The International Fisher equation states that...

52 To understand the current nominal exchange rate, we need to know all of the following except...

53 Suppose the following bilateral spot exchange rates are being quoted for the Danish krone (DKK), the US dollar (US$) and the euro (€): US$/€ = 1.5 DKK/€ = 7.0 DKK/$ = 5.0 If you start with 100€, the most you could end up with in a single round of triangular arbitrage would be...

54 (A) … interest rate parity involves (B) … domestic and foreign interest rates and the spot and the (C) … exchange rates.

55 Over the long run the rate of depreciation of the nominal exchange rate between two countries is approximately equal to the difference in national … rates.

56 Which of the following is not a special feature of the foreign exchange rate market?

57 Which statement about the uncovered parity condition is true?

58 Long-term exchange rate fluctuations tend to be (A) … than daily changes in absolute terms, but there are (B) … changes which are (C) … reversed.

59 Month-to-month changes in exchange rates accounts for (A) … of the monthly trade balances. Countries with persistent trade deficits tend to have (B) … currencies.

60 The nominal exchange rate is forward-looking. What does that mean for its current value?

61 Suppose Countries A and B use only labour as an input and produce only cloth and wheat. In A, a worker in a day could produce 2 units of cloth or 4 units of wheat. In B, a worker in a day could produce 3 units of cloth or 9 units of wheat. At present the countries do not trade. Which of the following statements is false?

62 Return to the countries in question 1. Suppose trade opens up. Which of the following statements is true?

63 Suppose Countries C and D use only labour as an input and produce only tables and tents. In A, a worker in a week could produce 4 tables or 2 tents. In B, a worker in a week could produce 6 tables. Initially the countries do not trade, and then trade opens up. Under which circumstances will country C export tables?

64 Suppose two countries E and F use many inputs. Country E exports tractors and imports televisions. Assuming there are no economies of scale, which of the following statements is true?

65 Which of the following statements is false?

66 Suppose a small country imposes a tariff on a good. Which of the following statements is false?

67 Suppose a large country imposes a tariff on a good. Which of the following statements is false?

68 Which of the following arguments for trade barriers offers potential benefits to consumers?

69 Two large countries currently impose tariffs against each other. Each country would be better off with free trade. Which of the following statements are true? Each country might think 'if the other country maintains its tariff, we will be better off maintaining our tariff.' Each country may think 'if the other country unilaterally abolishes its tariff, we may be better off maintaining our tariff.

70 Which of the following statements is false?

71 International trade contributes and increases the world …

72 The ratio of trade to GDP was as high as … in 1913.

73 Free international trade maximizes world output through … .

74 Domestic company limits it’s operations to … political boundaries.

75 Trade between two or more than two countries is known as … .

76 …refers to the tax imposed on imports.

77 … means selling the products at a price less than on going price in the market.

78 … is the oldest International Trade theory.

79 A voluntary export restraint is the opposite form of … .

80 The international trade between … is like a vast game of beggar my neighbor.