



World Economy.d

- 1 A big multinational company announces that it will expand its investments in China by a factor ten in the coming five years. In a press release the company says: "China is the most dynamic market of the coming century. We want to acquire a substantial share in a market that will have a level of welfare comparable to the USA in less than fifty years." Are the following comments correct?
- 2 Assume a poor developing country has a relatively high population growth and has high barriers to trade and capital movements. The government wants to increase the level of welfare of the average citizen. Which of the following suggestions to the government are correct?
- 3 In the World Trade Organization, most countries of the world negotiate on trade liberalization. Economic theory predicts welfare gains for every country that participates in the process of trade liberalization. However, in practice, some developing countries – mainly in Sub Saharan Africa – did not gain very much from the past rounds of trade liberalization. Why?
- 4 The Physical Quality of Life Index (PQLI) combines three indicators. They are
- 5 Multinational companies that have their home market in a developing country have become common in recent years. It might be argued that the behaviour of these companies is determined by the same forces as explain the behaviour of industrialized countries' multinationals. Thus, it is to be expected that an India-based multinational that enters the Austrian economy in a different way than a Danish multinational will. It is to be expected that the Indian company will Which of the four alternatives is the most likely?
- 6 What is gross domestic product (GDP)?
- 7 How do you explain that the US had a negative net lending position in 2002? The reason is that so many European and Asian companies set up affiliates in the US.
- 8 Why are the international flows of direct investments more stable over time than the flows of portfolio investments?
- 9 Assume that a small economy has a domestic interest rate of 5 per cent. The foreign rate of interest is 3 per cent. The small country has no restrictions on capital mobility. What is the explanation of the interest rate differential?





- 10 Democracy is a system of government in which the final power rests with...
- 11 "Communist Manifesto" was written by ...
- 12 The basis of Neo-Marxism was...
- 13 The "morning star of Industrial Revolution"
- 14 What was the basis of capitalism?
- 15 Dependency theory was introduced by
- 16 What was the theory of Immanuel Wallerstein?
- 17 Colonialism is derived from the ... term 'Colonus'.
- 18 The work Transition from Feudalism to Capitalism was written by...
- 19 ... is a term which denotes a mode of production in which capitalism in its various forms is the principal means of production.
- 20 According to Marx...determine the character of distinct types of society
- 21 Countries trade with each other because they are ... and because of ...
- 22 Trade between two countries can benefit both countries if
- 23 The Ricardian theory of comparative advantage states that a country has a comparative advantage in widgets if
- 24 In order to know whether a country has a comparative advantage in the production of one particular product we need information on at least ... unit labor requirements
- 25 A country engaging in trade according to the principles of comparative advantage gains from trade because it
- 26 Given the following information: Unit Labor Requirements Cloth Widgets
Home 10 20 Foreign 60 30
- 27 If it is ascertained that Foreign uses prison-slave labor to produce its exports, then home should





- 28) If the Home economy suffered a meltdown, and the Unit Labor Requirements in each of the products quadrupled (that is, doubled to 30 for cloth and 60 for widgets) then home should
- 29) If wages were to double in Home, then Home should:
- 30) If the world equilibrium price of widgets were 4 Cloths, then
- 31) Which one of the following is not a cause of economic growth?
- 32) A movie actor is between jobs. Which one of the following types of unemployment is the movie actor experiencing?
- 33) Doza has a job which pays him £32 000 a year. He owns a car worth £25 000 and has £8000 savings in his bank account. His bank account pays interest at a rate of 1% per year. Doza's annual income is
- 34) Last year Marco spent an average of £320 on his monthly shop. What will be the effect on the cost of Marco's average monthly shop this year if the rate of inflation was 3% last year?
- 35) Which one of the following is an example of a direct tax?
- 36) UK interest rates are set by:
- 37) Which one of the following is a supply side policy which the government could use to help meet its economic objectives?
- 38) Which one of the following is an example of a positive externality?
- 39) Britons holidaying in the USA would be shown in the current account as
- 40) Which one of the following is a benefit of globalisation to a producer?
- 41) Which one of the following is a factor of production?
- 42) Opportunity cost is
- 43) A business which operates in the tertiary sector
- 44) Which one of the following would cause an inward shift of the demand curve for hats?
- 45) This supply curve shows that





- 46 The table below provides information about the market for Ditsies. What is the equilibrium price for a kilogram of Ditsies?
- 47 A market with a single producer is
- 48 An increase in productivity is most likely to lead to
- 49 National insurance is charged at a rate of 12% of gross pay. Petra's gross monthly pay is £1500. How much is Petra's monthly national insurance contribution?
- 50 Which one of the following businesses operates in the financial sector?
- 51 Which of the following is a non-renewable energy resource?
- 52 The amount of oil that may become available for use is called oil ...
- 53 A coal deposit that is not economical to mine today would be considered part of ours ...
- 54 What is the leading source of energy used in the United States today?
- 55 Which of the following products are produced from oil?
- 56 Which of the following environmental problems are related to the combustion of fossil fuels?
- 57 It is important that scientists develop new energy resources.
- 58 Productivity can be analysed through:
- 59 The resources utilized for production are
- 60 Productivity is the ... of production system.
- 61 Productivity =
- 62 Productivity can be measured in which of the following input resource(s)
- 63 Raw material productivity can be increased by
- 64 Preventive maintenance improves
- 65 Productivity can be increased by





- 66 The time for which the worker or machine or both remain idle due to the shortcomings of the management or workers is known as
- 67 The elimination of which of the following will improve industrial productivity
- 68 Which of the following adds idle time due to short runs?
- 69 Total work content =
- 70 Which of these factors would shift the labor demand curve out (increase labor demand)?
- 71 If the marginal revenue product of labor is greater than the wage rate ($MR_{Ph} > w$), what should a profit maximizing firm in a competitive labor market do?
- 72 If the elasticity of labor demand with respect to wages is -3 ($= -3$), what is the effect on labor demand of a 10 percent increase in the equilibrium wage rate.
- 73 Which of the following characteristics are most likely found in developing countries?
- 74 ... is considered the most densely populated country
- 75 Countries with stable governments tend to have a high population density like ...
- 76 Imports are defined as the goods and services that we
- 77 If you take a vacation in Europe, then your expenditures on lodging in France are counted as a
- 78 With which of the following nations does the United States do the largest amount of trade?
- 79 In the United States since 1960, what has happened to the percentage of the total production of goods and services that is exported and to the percentage of the total purchases of goods and services that is imported?
- 80 A country has a balance of trade deficit if the value of its exports are ... the value of its imports.
- 81 If a nation imports a good that can be domestically produced, the market price of the good
- 82 The United States can use all its resources to produce 50 videos or 250 shoes. The opportunity cost of producing a video is





- 83 The United States can use all its resources to produce 50 videos or 400 shoes. China can use all of its resources to produce 25 videos or 300 shoes. In this example,
- 84 With international trade, a country
- 85 Dynamic comparative advantage results from
- 86 What is meant by derived demand?
- 87 The value of marginal product is calculated by multiplying the ... by the ...
- 88 To decide the quantity of a factor of production to hire, a firm compares the ... to the ...
- 89 A profit-maximizing firm hires labour up to the point where
- 90 A company finds that the value of marginal product for the current level of employment is \$53 and the wage rate is \$45. Which of the following is correct?
- 91 A firm's demand for labour curve is also
- 92 For a firm selling its product in a competitive market, what causes the demand curve for any factor of production to be downward sloping?
- 93 If the price of a firm's product falls, the firm's demand for labour curve
- 94 If the wage rate increases, a firm's demand for labour curve
- 95 An increase in the price of the firm's output leads to a

