

UNIVERSITAT AUTÒNOMA DE BARCELONA
STUDY ABROAD PROGRAMME - SPRING 2010

INTERNATIONAL ECONOMICS

Exam: Topic 1

Name:

Group:

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 1) Benefits of international trade are limited to 1) _____
A) intangible goods.
B) services.
C) tangible goods.
D) all goods but not services.
E) None of the above.
- 2) If there are large disparities in wage levels between countries, then 2) _____
A) trade is likely to be harmful to both countries.
B) trade is likely to be harmful to neither country.
C) trade is likely to be harmful to the country with the low wages.
D) trade is likely to have no effect on either country.
E) trade is likely to be harmful to the country with the high wages.
- 3) "Trade is generally harmful if there are large disparities between countries in wages." 3) _____
A) This is generally false.
B) Trade theory has nothing to say about this issue.
C) This is true if the trade partner uses prison labor.
D) This is true if the trade partner ignores child labor laws.
E) This is generally true.
- 4) The study of exchange rate determination is a relatively new part of international economics, since, 4) _____
A) economic theory developed by David Hume demonstrated that real exchange rates remain fixed over time.
B) dynamic overshooting asset pricing models are a recent theoretical development.
C) the calculations required for this were not possible before modern computers became available.
D) for much of the past century, exchange rates were fixed by government action.
E) None of the above

- 5) An important insight of international trade theory is that when countries exchange goods and services one with the other it _____
- A) tends to create unemployment in both countries.
 - B) is usually beneficial to both countries.
 - C) is always beneficial to both countries.
 - D) is typically beneficial only to the low wage trade partner country.
 - E) is typically harmful to the technologically lagging country.

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 6) Exchange rate determination is not a major concern of international economic theory. _____
- 7) The euro, a common currency for most of the nations of Western Europe, was introduced before 2000. _____
- 8) Since 1994, trade rules have been enforced by the WTO. _____
- 9) The gravity model offers a logical explanation for the fact that Intra-European Union trade exceeds International Trade of the EU. _____
- 10) Canada and Mexico trade less with the US than European economies of equal size. _____