

NAME: \_\_\_\_\_

Student ID No.: \_\_\_\_\_

**Economics 340  
International Economics  
Prof. Alan Deardorff  
Final Exam**

April 30, 2009

**INSTRUCTIONS: READ CAREFULLY!!!**

1. Please do not open the exam until you are told to do so.
2. **PLACE YOUR NAME AND STUDENT ID NO. (THE EIGHT DIGIT NUMBER FROM YOUR M-CARD) ON THE EXAM AND ON THE SCANTRON SHEET.**
3. **After** you are told to open the exam, find the **FORM NUMBER** at the top of page 2 and copy it to the scantron sheet.
4. This exam has 100 points and you have approximately 120 minutes to complete it. Check that you have all 21 pages of the exam, including this cover sheet.
5. **Part 1** consists of 35 multiple choice questions worth 1 point each. Answers to these should be marked on the scantron sheet using a #2 pencil. There are no penalties for guessing.
6. **Part 2** consists of short-answer questions for which you must provide written answers on these sheets. Point values for questions in Part 2 are indicated in parentheses. Part 2 has 63 points total.
7. That leaves 2 points unaccounted for. You will get these if (and only if) you correctly enter your name and ID number on both this exam booklet and the scantron sheet (so that the computer can read it), **and** if you enter the form number (see above) on the scantron.
8. Good luck!

## FORM 0

### Economics 340 Final Exam

#### Part 1: Multiple Choice (1 point each: 35 points)

Select the **best** answer of those given. Answers to this part should be marked on the scantron sheet using a #2 pencil. There is only one correct answer per question, and there is no penalty for guessing.

1. Which of the following statements about the U.S. relative position in the world economy is **not** true?
  - a. The U.S. imports more than any other country.
  - b. The U.S. scores higher than any other country on the Heritage Foundation's index of economic freedom.
  - c. The percentage of exports in GDP is smaller in the U.S. than in Germany.
  - d. The U.S. exports less than the European Union.
  - e. The total of assets in the U.S. that are owned by foreigners (including various forms of loans to us) is greater than the total of assets abroad that are owned by people and companies in the U.S.
  
2. WIPO is
  - a. An international nongovernmental organization that promotes women's rights among multinational enterprises.
  - b. The provision of the GATT, later removed in the WTO, that required a minimum wage for manufacture of exported goods.
  - c. The organization, based in Basel, Switzerland, that drafts international accounting regulations.
  - d. The agency within the World Bank that focuses on poverty alleviation.
  - e. The United Nations organization that promotes the protection of patents, trademarks, and copyrights.

3. During the half century since the end of World War II,
- The major currencies of the world, which initially had flexible exchange rates, have become fixed.
  - The World Bank has switched from providing assistance to poor countries to primarily settling transactions among rich countries.
  - The GATT has been transformed into the WTO.
  - The IMF has changed from being a members-only bank to being a mutual fund for investment in emerging-economy stock markets.
  - Tariffs levied by developed countries against developing-country exports have increased.
4. Jack can type 60 words a minute and can solve an algebra problem in 10 minutes. With respect to which of the following does Jack have a comparative advantage in typing?
- Janet, who types 120 words a minute and needs 3 minutes to solve the algebra problem.
  - Jill, who types 40 words a minute and needs 20 minutes to solve the algebra problem.
  - Jessica, who types 80 words a minute and needs 15 minutes to solve the algebra problem.
  - All of the above.
  - None of the above.
5. In the discussion of Boeing and Airbus that appeared in the assigned article by Paul Krugman, the main message was that
- George Bush was a bad president.
  - A firm's profits can be increased by a subsidy.
  - Countries are able to export only if they have comparative advantage.
  - In the New Trade Theory, a country may be able to benefit by using a subsidy.
  - Countries that use subsidies only provide benefit to other countries, not themselves.
6. The figure shows the effects of a tariff in a small country. Using the labeled areas, how much of the loss to consumers, due to the tariff, is a gain to somebody else?

- None
- $b + d$
- $a + c$
- $b + c + d$
- $a + b + c + d$

