

NAME: _____

Student ID No.: _____

**Economics 340
International Economics
Prof. Alan Deardorff
Second Midterm Exam**

Answers

March 30, 2009

INSTRUCTIONS: READ CAREFULLY!!!

1. Please do not open the exam until you are told to do so.
2. **ENTER 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 80 minutes to complete it. Check that you have all 16 pages of the exam, including this cover sheet.
5. **Part 1** consists of 25 multiple choice questions worth 2 points 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 48 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!

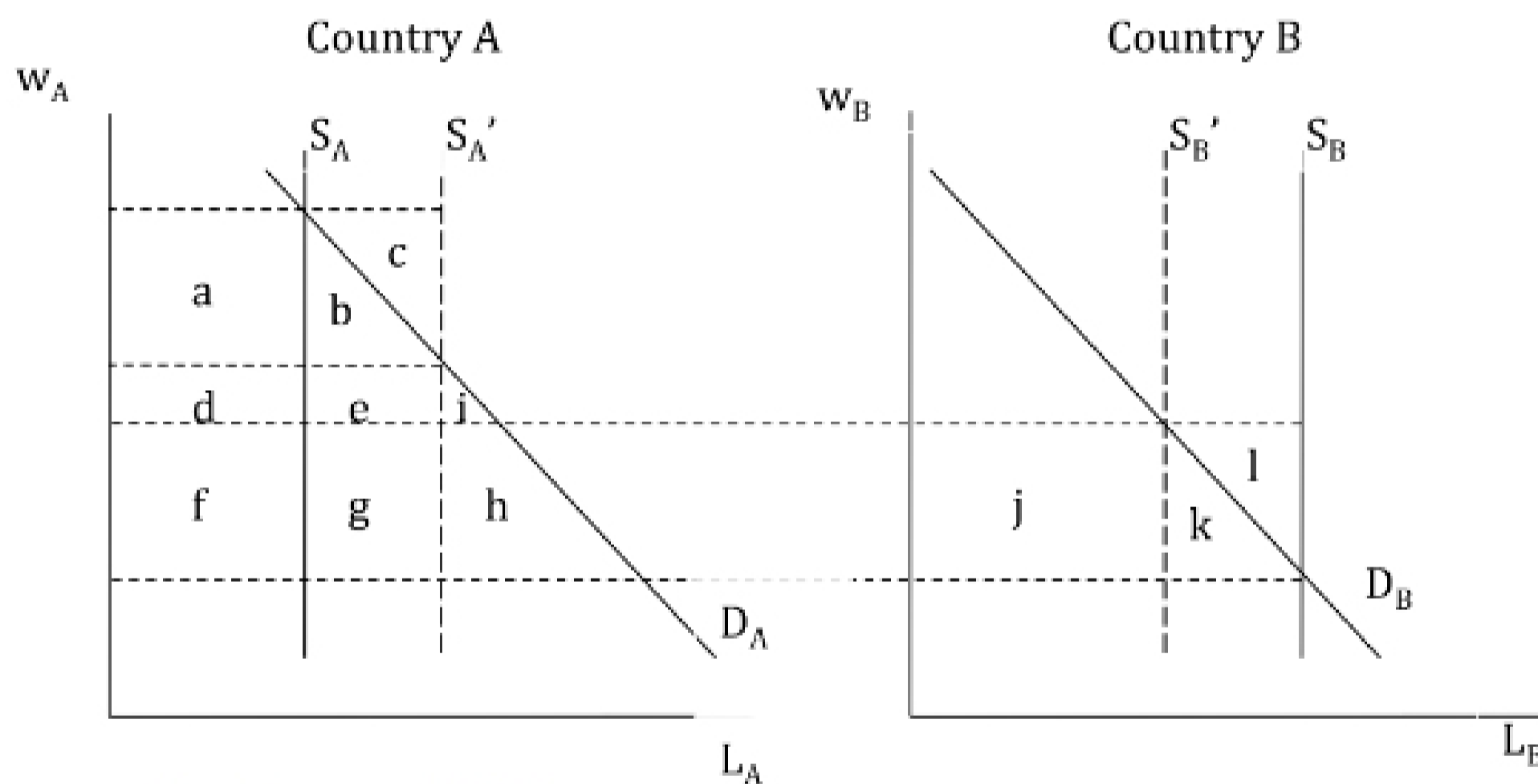
FORM 0

**Economics 340
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Part 1: Multiple Choice (2 points each)

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. The solid lines in the figure below show initial supply and demand for labor in two countries, A and B. Migration then occurs, yielding the dashed supply curves shown as S_A' and S_B' . What is the effect of this migration on the welfare of factors other than labor in Country A? That is, what happens collectively to the employers of labor and to factors of production other than labor in Country A?



- a. They lose areas (a+b).
- b. They gain area a
- c. They are unaffected.
- d. They gain area (a+b)
- e. They lose area (a+b+c)

Ans: d

2. Immigration into the United States has kept the US population younger, on average, than the population of Japan, where much less immigration occurs. When we speak of the demographic effects of immigration, we observe that
- This helps Japan, because their workers have more experience.
 - This helps the US, because more young workers are available to support the elderly.
 - This hurts Japan, because their older workers are physically weaker and therefore less productive.
 - This hurts the US, because the immigrants are lazy.
 - Both the US and Japan gain from this exchange, as the immigrants send remittances to their families in Japan

Ans: b

3. When one author on the subject of US immigration complains that “balkanization has replaced assimilation,” he means that
- Today’s immigrants live in enclaves with others like themselves, instead of intermingling with the larger population.
 - Today’s immigrants come increasingly from South Eastern Europe, rather than from Asia.
 - Immigrants take more from social services than they give back.
 - Restrictions on immigration are preventing qualified workers from entering the United States and filling jobs, which therefore go unfilled.
 - Immigrants are now being admitted from only a handful of isolated places around the world, in contrast to drawing from the whole world as we used to do.

Ans: a

4. In the data on foreign direct investment, Japan is
- Both a large source country and a large host country.
 - A large source country but not a large host country.
 - A large host country but not a large source country.
 - Not significant as either source or host.
 - Not distinguished from other countries in Asia, so it is impossible to say what role it plays.

Ans: b