

NAME: _____

Student ID No.: _____

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

February 15, 2010

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 80 minutes to complete the test. Check that you have all 15 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 put your name and ID number on both this exam booklet and the scantron sheet, **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)

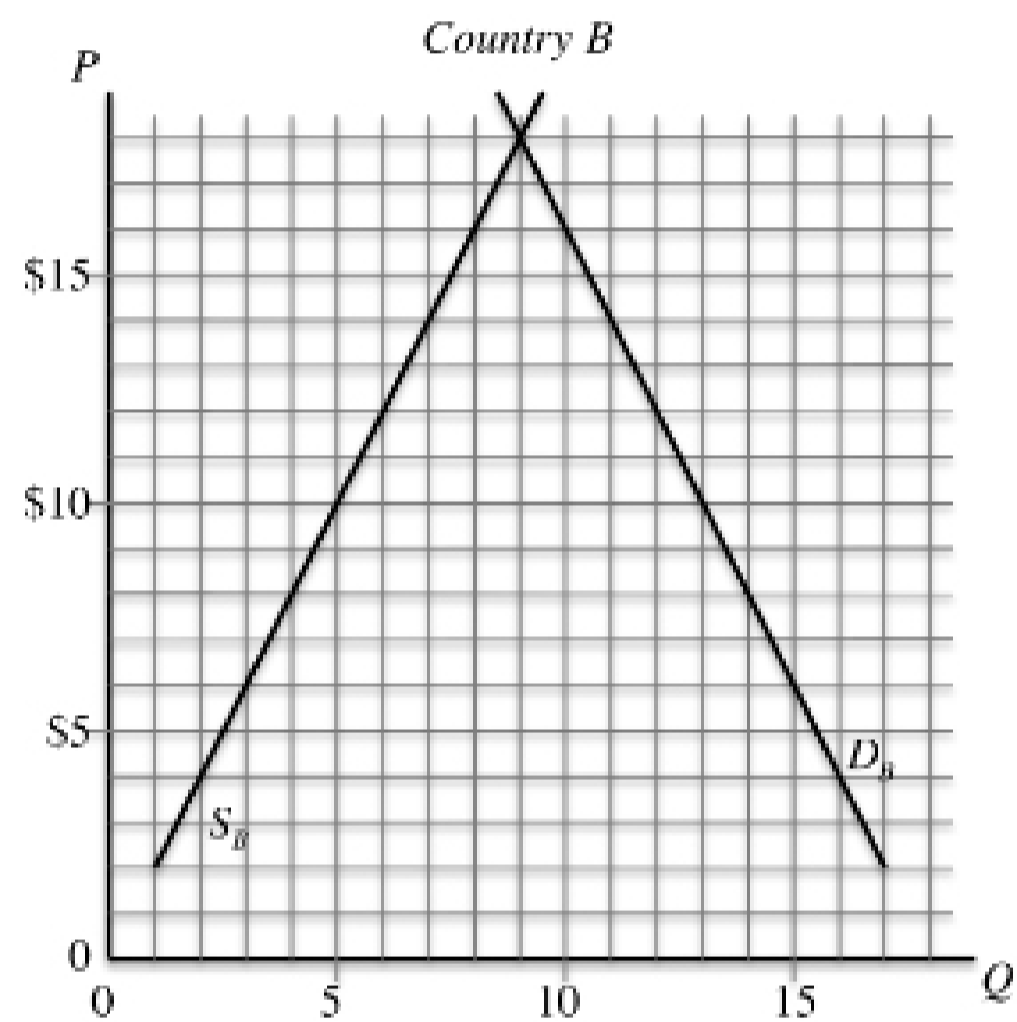
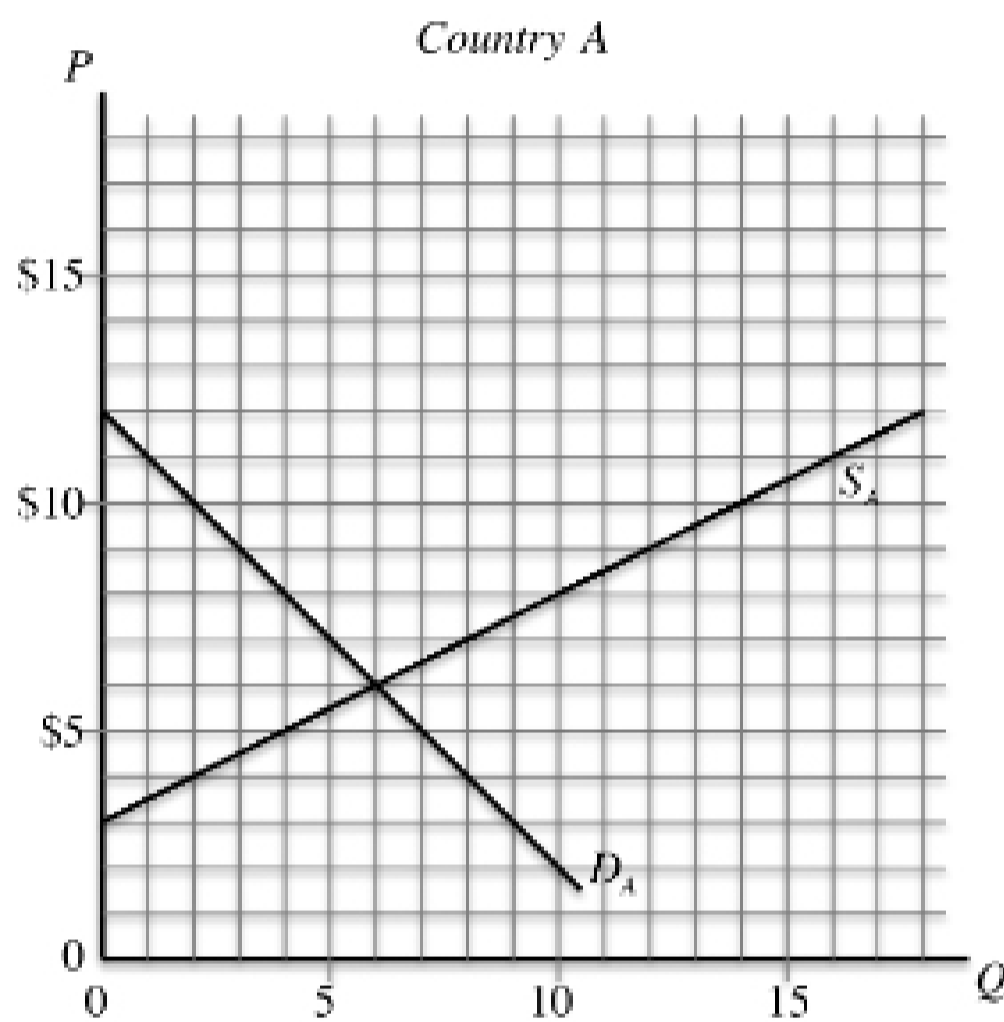
Select the **best** answer of those given. Answers to this part should be marked on the scantron sheet using a #2 pencil. There is only one correct answer per question, and there is no penalty for guessing.

1. The volume of world trade shrank during the recent world recession. How long has it been since this happened previously?
 - a. 8 years
 - b. 18 years
 - c. 28 years
 - d. 58 years
 - e. 78 years

2. What is the “index of openness” used in the textbook to compare openness of countries?
 - a. The balance of trade
 - b. The terms of trade
 - c. Exports divided by population
 - d. Exports plus imports divided by GDP
 - e. Foreign capital inflows per unit of wealth

3. Which of the following were the “beggar thy neighbor” policies used during the Great Depression
 - I. Export subsidies
 - II. High tariffs on imports
 - III. Competitive devaluations of currencies
 - IV. Prohibitions on capital inflows
 - a. I and II
 - b. I and III
 - c. I and IV
 - d. II and III
 - e. II and IV

4. At the G-20 Summit in Pittsburgh in September 2009, leaders made a number of commitments. Who was charged with the job of enforcing those commitments?
- The United States
 - The United Nations
 - The International Monetary Fund
 - The World Bank
 - The World Trade Organization
5. The graphs below show supply and demand for a good in two countries, A and B. If these countries were to open to free trade with each other (no other country being involved), what would be the equilibrium price?



- \$6
- \$9
- \$12
- \$18
- It is impossible to know without further information