

Student name: _____

Which of the following statements is NOT true about COVID-19 and international trade?

The 2020 decline in trade in services was predicted to be 8 percent, but it was actually 25 percent.

The 2020 decline in trade in goods was predicted to be 6 percent, but it was actually 10 percent.

In the first year of the COVID-19 pandemic, imports from China were an important part of how the United States increased its access to and use of personal protective equipment (PPE).

China was one of the top four exporters of medical goods to the United States.

Which of the following statements about comparative advantage is false?

It is a reason why countries trade with each other.

It explains why China was the top source of personal protective equipment (PPE) exports to the U.S.

It explains why there was a severe shortage of personal protective equipment during the first months of the COVID-19 pandemic.

It explains why China was not the top source of medical equipment exports to the United States during the COVID-19 pandemic.

Which of the following statements about personal protective equipment (PPE) is false.

China has a comparative advantage in the production of PPE.

In the first months of the COVID-19 pandemic, China blocked exports of PPE to the United States.

The shortages of PPE placed upward pressure on the price of PPE

U.S. hospitals had a small stockpile of PPE because the price of PPEs had risen after President Trump's tariffs on U.S. imports

Identify the incorrect answer: The U.S. could have prepared for a health emergency like COVID-19 by:

Maintaining a stockpile of personal protective equipment (PPE)

Subsidizing the domestic production of PPE

Closing its border to medical imports for fear of counterfeit PPE

Encouraging imports from countries that produced PPE

If a country is concerned about developing a particular industry for public health reasons, which of the following policies is most effective from an economic standpoint?

Import licensing

Protectionist tariffs

Targeted government subsidies

Voluntary export restraints on countries exporting to the United States

Which of the following strategies is NOT used by firms wishing to develop global supply chains?

Locate each step of the production process in the country that results in the lowest cost

Move most production to the country where the firm is headquartered

Contract with other firms located abroad that can produce the good more cheaply

Apply the principle of comparative advantage

Which of the following is NOT a key economic feature of the European Union (EU)?

A common currency, the euro, used by all member countries

A single market that promotes free movements of goods, services, financial capital, and people among EU member countries

Adoption of common product regulations and standards to reduce nontariff barriers to trade among the member countries

A customs union, which imposes common tariffs on imports from non-EU countries

Which of the following are myths about immigrants?

Immigrants generate losses for the economy of the receiving country.

Immigrants are a fiscal burden because they use healthcare.

Immigrants are responsible for higher crime rates in the receiving country.

All of the above.

Economic analysis of the effect of immigrants on the receiving countries does NOT show that:

The cost of immigration outweighs the benefits of immigration for receiving countries.

Immigrants who immigrate in search of better jobs benefit the receiving country's economy

Consumers who purchase goods produced by immigrants benefit

A group that loses is workers who compete for jobs that immigrants do

Which of the following was NOT an argument in favor of the United Kingdom (UK) leaving the European Union (EU)?

Proponents of leaving wanted greater access to markets in the other EU member countries.

Proponents of leaving stressed that the UK needed to reestablish British sovereignty.

Proponents of leaving wanted greater control over immigration.

Proponents of leaving objected to the EU process of "ever closer union."

Which of the following is included in the Trade and Cooperation Agreement between the European Union and the United Kingdom?

There are no non-tariff barriers to the trade of goods.

There are no tariff barriers to the trade of goods

Trade in financial services can continue freely between the EU and the UK

There are no limitations on immigration between the EU and the UK

"Job-seeking immigration brings net economic benefits not only to the immigrants, but also to the receiving country overall." But there are winners and losers within the receiving country. Who among the following can be considered as a winner within the receiving country?

The workers who compete with the immigrants for jobs

The households who want to rent the same kinds of apartments the immigrants want to rent.

The consumers who buy the products that the immigrants help to produce

None of these options are correct.

The value of a country's currency, in terms of some other country's currency, is called the nominal interest rate.

dollarization.

the exchange rate.

the stock exchange.

Which of the following actions was undertaken by the Swiss government in 2011, during the Euro crisis?

The Swiss government shifted to allowing a more flexible exchange rate between the Swiss franc and the euro.

The Swiss monetary authority sold U.S. dollars and bought euros.

The Swiss monetary authority bought euros and sold Swiss francs.

The Swiss government imposed strict limits on Swiss investments in euro-denominated financial assets.

Which of the following was NOT a result of foreign investors moving to Swiss franc investments in mid-2011?

There was a rise in Swiss imports

There was a rise in Swiss exports

There was a rise in demand for Swiss francs

The Swiss franc went from 1.20 to 1.03 Swiss francs per euro

Which of the following statements is false:

Each year the U.S. government names the foreign country that it considers to be the largest currency manipulator.

The U.S. is concerned about countries that manipulate their exchange rates.

The U.S. has named Vietnam a currency manipulator.

The U.S. is concerned about currency manipulators if the country is a major trading partner.

Which of the following arguments was NOT used by Switzerland to defend its exchange rate policy in 2020?

In times of economic crisis, investors from many countries buy Swiss francs.

The Swiss government also took actions to increase Swiss interest rates.

In response to the economic crisis that followed the COVID-19 pandemic, the Swiss monetary authority added euros to their foreign reserves.

The goal of the Swiss currency intervention was to avoid an unfair economic disadvantage for Switzerland.

Which of the following did NOT happen as a result of the Swiss Central Bank's 2015 announcement that they would no longer maintain the peg at 1.20 Swiss francs per euro?

European investors holding Swiss franc-denominated investments experienced gains.

The value of the Swiss franc experienced gains (appreciation).

Swiss manufacturers that rely on imports for raw materials experienced gains.

Swiss manufacturers that rely on exports for their finished goods experienced gains.

Which of the following is most likely to happen when the dollar appreciates against the euro?

The prices of American goods in the European countries will decline.

There will be a huge inflow of "hot money" to the European nations.

The prices of European goods in the U.S. markets will decline.

The rate of inflation in the United States will increase.

The Hong Kong dollar is pegged to the U.S. dollar at a rate of 7.8 Hong Kong dollars to 1 U.S. dollar. Suppose the central bank of Hong Kong changes the exchange value to 7.3 Hong Kong dollars to one U.S. dollar. Which of the following is most likely to be true in this context?

The exchange rate value of the Hong Kong dollar has depreciated by 6.2 percent.

The exchange rate value of the Hong Kong dollar has appreciated by 0.5 percent.

The exchange rate value of the Hong Kong dollar has depreciated by 0.5 percent.

The exchange rate value of the Hong Kong dollar has appreciated by 6.4 percent.

Which of the following is an impact of increased immigration on an economy?

The wage rate of local workers increases.

The country's demand for labor declines.

The rate of inflation in the receiving country increases.

The demand for government services like education and health care increases.

According to classical economists, what is true about labor as a factor of production?

Labor is mobile both within and across countries

Labor is mobile within, but not across countries

Labor is mobile across, but not within countries

Labor is not mobile

Sam lives in Portugal and Alex live in Iceland. They have the same set of skills and background and do the same work for upscale toy manufacturers. If classical economists are correct about the mobility of factors of production, which statement is false?

Sam could get a higher wage if she got a job at a car manufacturer in Portugal.

Alex could get a higher wage if he took courses to increase his skills.

Sam could get a higher wage if she instead lived in another country (like Germany) that has higher pay scales, on average.

None of the above are false.

Which of the following does NOT reduce economic activity across national borders:

Raising the tax on imports

Making quality standards for import goods more stringent

Removing administrative fees assessed on immigration applicants

Increasing the payroll tax imposed on immigrant workers

Which of the following factors is most likely to lead to a decline in a country's exports?

A decline in the country's nominal interest rate

An appreciation of the country's currency vis-à-vis foreign currencies

A decline in the country's input prices

A decrease in the country's corporate taxes

Which of the following is an example of monetary policy?

Changes in income tax rates

Changes in government spending on public works projects

The central bank buying government bonds

Raising social security payments in response to increased inflation

What is the proper characterization of the European Union (EU), and what is its primary accomplishment?

The EU is a regional trade bloc which controls the money supply in each member country.

The EU is a regional trade agreement that has eliminated most trade barriers among its member countries.

The EU is a trade treaty that provides a forum where member countries can resolve their trade disputes.

The EU is a trading cooperative that protects member countries from unfair trade tactics by non-member countries.

A computer programmer working in India relocates to the United States. This is an example of a global supply chain.

factor mobility.

quantitative easing.

cross-border trade.

_____ is considered to be the least mobile factor internationally.

Capital

Labor

Land

Entrepreneurship

Which of the following is NOT a fiscal policy?

Increasing the money supply to expand aggregate demand

Lowering personal tax rates to influence labor supply

Increasing tariffs to reduce imports

Offering subsidies to export firms

The supply of money in a country like Sweden is controlled by the political party in charge of the government of the country.

International Monetary Fund.

central bank of the country.

World Bank.

Most immigration is the result of people migrating to take advantage of welfare programs in the destination country. avoid political persecution in their home countries. flee civil unrest in their home countries. obtain jobs at a higher rate of pay than they can receive in their home countries.

One of the successes of the European Union (EU) is that banks have "passporting rights," which means that

banks in the EU are not required to follow the policies of a central monetary authority.

banks in the EU have the authority to issue EU passports and travel visas to any citizen of a member country.

banks in the EU have unlimited access to foreign financial capital.

banks in the EU can sell financial services to any EU country without regulatory barriers.

Export subsidies are an example of
a quantitative limit on foreign exports.
monetary policy.
fiscal policy.
a non-tariff barrier (NTB).

The European Central Bank is responsible for
implementing monetary policy for the countries that use the euro.
assuring full employment in the European Union.
the bailout of European Union countries in financial trouble.
protecting European Union member countries from unfair foreign financial practices.

The supply of a kind of money is controlled by the
monetary authority or central bank for that kind of money.
fiscal authority in the country.
International Monetary Fund.
World Trade Organization.

The United Kingdom (UK) is composed of the following individual countries
England, Scotland, Ireland, and Northern Ireland
England, Scotland, Wales, and Northern Ireland
England, Scotland, and Wales
England, Scotland, Wales, and Ireland

An important feature of the European Union (EU) is that it operates as a customs union, which eliminates tariffs on trade among the EU member countries and imposes a common set of tariffs on imports from outside countries.

true

false

The exchange rate is a key price that affects international trade flows of goods and services and international financial flows.

true

false

National sovereignty means that no one person or group is in charge of the international economy.

true

false

If the dollar per pound exchange rate changes from \$1.50 per pound to \$2 per pound, it implies that the dollar has appreciated against the pound.

true

false

People usually migrate within their own country more readily than they emigrate abroad.

true

false

A country cannot set its own policies toward the international movement of productive resources.

true

false

Although financial capital is relatively mobile as an input, it is subject to a "home bias" in which people prefer to invest within their own country.

true

false

China became a leading exporter of personal protective equipment because China's government subsidies to Chinese firms overcame China's comparative disadvantage in these products.

true

false

Unusual for a global recession, international trade in services fell by proportionately more than international trade in goods fell during the COVID-19 pandemic.

true

false

Use the example of personal protective equipment (PPE) to describe how President Trump's trade war with China affected the U.S. response to the COVID-19 pandemic.

In June 2016, the citizens of the United Kingdom (UK) voted in favor of leaving the European Union (EU). The decision to leave is now commonly referred to as "Brexit." Briefly summarize

both the arguments used for the UK remaining in the EU and the arguments used for the UK leaving the EU.

Briefly describe the key economic features of the European Union.

"Job-seeking immigration brings net economic benefits not only to the immigrants, but also to the receiving country overall." Justify the statement.

Briefly discuss why the degree to which labor and capital are mobile within a nation may differ from the degree to which labor and capital are mobile internationally.

From 2011 to 2015 the Swiss government pegged the exchange-rate value of the Swiss franc to the euro, to prevent the Swiss franc from appreciating in value. Briefly explain the effects of the pegged rate and Swiss government intervention to defend the pegged rate on Swiss exports and imports. Then, starting in early 2015, the Swiss government allowed the franc to appreciate relative to the euro. Briefly explain the effects of the changed exchange rate policy on Swiss exports and imports.

The time is 2019. The United Kingdom (UK) was committed to leave the European Union (EU). What are the issues that the UK and the EU had to resolve for Brexit to be relatively smooth and orderly?

Answer Key

Test name: CH1 International Economics E18

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