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| Name of the University | Azerbaijan State University of Economics UNEC |
| Major | World Economy |
| Subject | World Economy |
| Educational level | Bachelor |
| 1. |  Michael Porter invented a "diamond" model to show how competitive advantage best works. Which of these is not a component of his diamond model? |  |
| a) | factor endowments |  |
| b) | demand conditions |  |
| c) | operative restrictions | + |
| d) | firm strategy |  |
| e) | Supply condition  |  |
| 2. | Absolute Advantage states that:  |  |
| a) | Ability of a country to produce a particular good or service at a lower opportunity cost over another |  |
| b) | Rise in the relative price of a good will lead to a rise in the return to that factor which is used more intensively in the production of the good and to a fall in the return to the other factor |  |
| c) | Ability of a country to produce more of a good or services than competitors, using the same amount of resources | + |
| d) | The country will produce and export goods that require resources which are relatively abundant and import goods that require resources which are in relatively short supply |  |
| e) | All answer correct |  |
| 3. | While most theories of international trade that support unrestricted free trade exclude governments, new trade theory and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ argue for some limited government intervention to support the development of certain export-oriented industries. |  |
| a) | Smith's theory of absolute advantage |  |
| b) | Ricardo's theory of comparative advantage |  |
| c) | Hecksher-Ohlin's theory of factor endowments |  |
| d) | Porter's theory of national competitive advantage | + |
| e) | Smith’s theory of absolute advantage |  |
| 4. | Which of the following is a tariff barrier? |  |
| a) | Licensing |  |
| b) | Quotas  |  |
| c) |  Ad-Valorem tax | + |
| d) | Technical requirements |  |
| e) | Social requirements |  |
| 5.  |

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|   | When a country allows for trade and becomes an exporter of the good, which of the following would NOT be true? |

 |  |
| a) |

|  |  |
| --- | --- |
|  | the price paid by the domestic consumer of the good increases |

 |  |
| b) |

|  |  |
| --- | --- |
|  | the price received by the domestic producers of the good increases |

 |  |
| c) |

|  |  |
| --- | --- |
|  | the losses of domestic consumers exceed the gains of domestic producers |
|  |  |

 | + |
| d) |

|  |  |
| --- | --- |
|  | the gains of domestic producers exceed the losses of domestic consumers |

 |  |
| e) | a) and b) answer correct |  |
| 6. | Most-favored nation treatment |  |
| a) | is now known as "normal trade relations."  |  |
| b) | Reflects the notion of non-discrimination  |  |
| c) | Is a relatively rare occurrence in the world today.  |  |
| d) | a and b only  | + |
| e) | All answer correct |  |
| 7. |

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| Vernon's product life-cycle theory seems to provide an accurate explanation of international patterns during a period of American global dominance, but it has become less effective because: |
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 |  |
| a) | the WTO has affected product life cycles in key industries. |  |
| b) | new products have originated in places other than the United States. | + |
| c) | Samuelson's critique undermined the key assumptions. |  |
| d) | capital has replaced labor as the less volatile element of international trade. |  |
| e) | All answer correct |  |
| 8. | The countries with the most rapid growth of merchandise trade during the past 30 years are |  |
| a) | The U.S., Germany, Japan, and France |  |
| b) | The U.S., China, Japan, and Canada.  |  |
| c) | The Republic of Korea, Taiwan, China, and Singapore.  | + |
| d) | Ethiopia, Burundi, Colombia, and Sri Lanka.  |  |
| e) | Angola, Uganda, Ruanda  |  |
| 9. | Since businesses are often prime beneficiaries of free trade, under Porter's theory businesses should: |  |
| a) | always lobby for free trade. |  |
| b) | maintain a low profile to continue to enjoy significant tax advantages. |  |
| c) | avoid lobbying for ethical, political and public relations reasons. |  |
| d) | lobby governments to support each component of the diamond. | + |
| e) | All answer correct |  |
| 10. | Which of the following is incorrect? |  |
| a) | WTO stands for Non-Discrimination in trade |  |
| b) | WTO stands for More Open trade |  |
| c) | WTO stands for Predictable and Transparent trade |  |
| d) | WTO stands for Tariff Barriers | + |
| e) | All answer incorrect |  |
| 11. | Under new trade theory, government subsidies could \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ the chances of its firms becoming first movers in emerging industries. |  |
| a) | eliminate for all practical purposes |  |
| b) | decrease |  |
| c) | increase | + |
| d) | assure |  |
| e) | All answer incorrect |  |
| 12. | * \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ suggests a zero-sum game, which represents a major limitation.
 |  |
| a) | 1. New trade theory
 |  |
| b) | 1. Porter's Diamond
 |  |
| c) | 1. Mercantilism
 | + |
| d) | Leontief's Paradox |  |
| e) | Life cycle theory  |  |
| 13. | * Dumping:
 |  |
| a) | is an environmental concern that affects both groundwater and the oceans. |  |
| b) | is the slang term for measure firms use to protect themselves from countervailing duties. |  |
| c) | is the selling of goods in a foreign market below the cost to produce them. | + |
| d) | is commonly used method of selling off obsolete or slow moving goods. |  |
| e) | All answer inccorect |  |
| 14.  | What is the economic basis of the gains from trade between nations called? |  |
| a) | Protective Advantage  |  |
| b) | Competitive Advantage  |  |
| c) | Comparative Advantage  | + |
| d) | Absolute Advantage  |  |
| e) | All answer incorrect |  |
| 15. | Which of the following is not relevant to Mercantilism? |  |
| a) | Banning the export of precious metals |  |
| b) |  Monopolizing markets with staple ports |  |
| c) |  Allowing colonies to trade with other nations | + |
| d) |  Export subsidies |  |
| e) | Import subsidies |  |
| 16.  | Autarky means |  |
| a) | in the absence of government  |  |
| b) | in the absence of agriculture  |  |
| c) | in the absence of international trade  | + |
| d) | in the absence of exchange rates  |  |
| e) | in the absence of culture relationship  |  |
| 17. | Which of the following is one of the reasons, why Azerbaijan Republic is not included into WTO? |  |
| a) | AR wants to enter to WTO as a developed country; WTO wants AR to enter as a developing country |  |
| b) | AR wants to enter to WTO as a developing country; WTO wants AR to enter as a developed country | + |
| c) | AR is not interested in entering to WTO |  |
| d) |  WTO is not interested in AR entering to WTO |  |
| e) | All answer correct |  |
| 18. | Which of the following is an advantage of Protectionism? |  |
| a) | Creates permanent work places for local population |  |
| b) |  Creates a competitive environment |  |
| c) |  Protects new industry from foreign competitors | + |
| d) |  Strengthens the industry in a long term |  |
| e) | All answer correct |  |
| 19. | The product life-cycle theory:: |  |
| a) | continues to maintain its vitality into the 21st Century as new products are developed in the US. |  |
| b) | seems ethnocentric as it assumes innovations and new products come from the US. | + |
| c) | has never been able to explain international trade patterns despite its intuitive appeal. |  |
| d) | is useful in marketing, but has no particular relevance to international trade theory. |  |
| e) | All answer correct |  |
| 20. | The Leontief Paradox states that: |  |
| a) | the US exports are less capital intensive than US imports. | + |
| b) | the US exports are more capital intensive than US imports. |  |
| c) | the US exports are usually in balance with US imports. |  |
| d) | the US exports are not a factor with US imports. |  |
| e) | all answer incorrect |  |
| 21. | What is the definition of Trade Barriers? |  |
| a) | International restrictions on trade |  |
| b) |  Contracts between producers from different countries |  |
| c) |  Contracts between local producers |  |
| d) |  Government-induced restrictions on international trade  | + |
| e) | All answer correct |  |
| 22. | Intellectual property rights have become thorny areas of international trade, especially in relation to software, pharmaceuticals, music and entertainment. In response, |  |
| a) | uniform patent and copyright laws have been adopted and enforced by all WTO members. |  |
| b) | both the developed and developing world are standing together on protect the rights of companies. |  |
| c) | there has been a growing awareness that innovation has become a driver for economic growth. | + |
| d) | this was one area of agreement in the Doha round and meetings leading up to it. |  |
|  | All answer incorrect |  |
| 23. | Which of the following ideas fits best with liberalism? |  |
| a) | Conflict is reduced if poor countries remember their place and accept dependent development |  |
| b) |   International institutions can reduce the likelihood of conflict.  | + |
| c) |  Authoritarian regimes share common features that reduce the chance of conflict between them.  |  |
| d) |  Every country culturally constructs its goals and interests, and one cannot predict how these will be defined in any given case without cultural analysis.  |  |
| e) | a) and c) |  |
| 24. | Definition of International Migration of Capital is: |  |
| a) | The movement of capital inside the country and its operation on the local market  |  |
| b) |  The movement of capital between countries, including exports and imports of capital and its operation abroad | + |
| c) |  Foreign Portfolio Investment movement only |  |
| d) | Foreign Direct Investment movement only |  |
| e) | All answer incorrect |  |
| 25. | Which of the following is not a government induced investment regime? |  |
| a) | Preferential regime |  |
| b) |  Transparency Regime |  |
| c) |  Loyal regime | + |
| d) |  National regime |  |
| e) | Country regime |  |
| 26. | National regime occurs when: |  |
| a) | National investors has advantages in compare with foreign ones |  |
| b) |  National and foreign investors have the same privileges | + |
| c) |  Foreign investors have advantages in compare with national ones |  |
| d) |  None of them |  |
|  | All answer correct |  |
| 27. | Investment climate is: |  |
| a) | Political conditions of a home country  |  |
| b) |  Financial conditions of a home country |  |
| c) |  Economical Conditions of a host country  |  |
| d) |  All of them | + |
| e) | All answer incorrect |  |
| 28. | Which of the following is immigration? |  |
| a) | The act of [movement of people](http://en.wikipedia.org/wiki/Human_migration) into the country to which they are not native in order to settle there | + |
| b) |  The act of [movement of people](http://en.wikipedia.org/wiki/Human_migration) from city to city within the country in order to settle here |  |
| c) |  The act of leaving one's country with the intent to settle permanently in another country |  |
| d) |  The act of leaving one's country with the purpose to visit some friends, living in other country |  |
| e) | All answer incorrect |  |
| 29. | What best describes return migration? |  |
| a) | Return migration occurs when a person moves from location X to location Y and then moves from location Y to location Z. |  |
| b) | Return migration occurs when a person moves from location X to location Y and then moves from location Y back to location X. | + |
| c) | Return migration occurs when a person moves to a new location after he or she retires. |  |
| d) | Return migration occurs when a person moves across state lines. |  |
| e) | All answer incorrect |  |
| 30. | If a nation's balance on current account is positive and it has neither a deficit nor surplus in its overall balance of payments: |  |
| a) | its imports exceed its exports |  |
| b) | foreign purchases of its assets exceed its purchases of assets abroad |  |
| c) | it has a trade deficit |  |
| d) | it has a capital and financial account deficit | + |
|  | It has trade surplus  |  |
| 31. | If a nation's balance on current account is positive and it has neither a deficit nor surplus in its overall balance of payments: |  |
| a) | its imports exceed its exports |  |
| b) | foreign purchases of its assets exceed its purchases of assets abroad |  |
| c) | it has a trade deficit |  |
| d) | it has a capital and financial account deficit | + |
| e) | All answer incorrect |  |
| 32. | "The nation needs to protect itself from foreign countries that sell their products in our domestic markets at less than the cost of production." This quotation would be most closely associated with which protectionist argument? |  |
| a) |

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| diversification for stability |

 |  |
| b) | protection against dumping | + |
| c) |

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| --- |
| cheap foreign labour |

 |  |
| d) |

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|  |

increase domestic employment |  |
| e) | All answer incorrect |  |
| 33. | Definition of International Migration of Capital is: |  |
| a) | The movement of capital inside the country and its operation on the local market  |  |
| b) | The movement of capital between countries, including exports and imports of capital and its operation abroad | + |
| c) |  Foreign Portfolio Investment movement only |  |
| d) |  Foreign Direct Investment movement only |  |
| e) | All answer incorrect |  |
| 34. | Which of the following is not a government induced investment regime? |  |
| a) | Preferential regime |  |
| b) | Transparency Regime |  |
| c) |  Loyal regime | + |
| d) |  National regime |  |
| e) | All of them |  |
| 35. | National regime occurs when: |  |
| a) | National investors has advantages in compare with foreign ones |  |
| b) |  National and foreign investors have the same privileges | + |
| c) |  Foreign investors have advantages in compare with national ones |  |
| d) |  None of them |  |
| e) | All of them |  |
| 36. | Which of the following is immigration? |  |
| a) | The act of [movement of people](http://en.wikipedia.org/wiki/Human_migration) into the country to which they are not native in order to settle there | + |
| b) |  The act of [movement of people](http://en.wikipedia.org/wiki/Human_migration) from city to city within the country in order to settle here |  |
| c) |  The act of leaving one's country with the intent to settle permanently in another country |  |
| d) |  The act of leaving one's country with the purpose to visit some friends, living in other country |  |
| e) | All answer incorrect |  |
| 37. | What best describes return migration? |  |
| a) | Return migration occurs when a person moves from location X to location Y and then moves from location Y to location Z. |  |
| b) | Return migration occurs when a person moves from location X to location Y and then moves from location Y back to location X. | + |
| c) | Return migration occurs when a person moves to a new location after he or she retires. |  |
| d) | Return migration occurs when a person moves across state lines. |  |
| e) | All answer incorrect |  |
| 38. | If a nation's balance on current account is positive and it has neither a deficit nor surplus in its overall balance of payments: |  |
| a) | its imports exceed its exports |  |
| b) | foreign purchases of its assets exceed its purchases of assets abroad |  |
| c) | it has a trade deficit |  |
| d) | it has a capital and financial account deficit | + |
| e) | All answer incorrect |  |
| 39. | If a nation's balance on current account is positive and it has neither a deficit nor surplus in its overall balance of payments: |  |
| a) | its imports exceed its exports |  |
| b) | foreign purchases of its assets exceed its purchases of assets abroad |  |
| c) | it has a trade deficit |  |
| d) | it has a capital and financial account deficit | + |
| e) | All answer incorrect |  |
| 40.  | Country that receives investment is defined as: |  |
| a) | Home country |  |
| b) |  Transit country |  |
| c) |  Host country  | + |
| d) | None of them |  |
| e) | All of them |  |
| 41. | Transparency regime occurs when: |  |
| a) | All investors have rights mentioned by international organizations |  |
| b) |  Foreign investors have advantages in compare with national ones |  |
| c) |  Investors have been informed about any future changes in investment climate of the host country | + |
| d) | Investors are informing host country government about any further steps to take |  |
| e) | All answer incorrect |  |
| 42. | Definition of Foreign Direct Investment is: |  |
| a) | An investment made by a company or entity into a company or entity based in the same country. |  |
| b) | An investment made by a company or entity based in one country, into a company or entity based in another country. | + |
| c) |  An investment made by a company or entity into stocks and bonds market based in the same country |  |
| d) |  An investment made by a company or entity based in one country, into stocks and bonds market based in another country. |  |
| e) | All answer incorrect |  |
| 46. | Labor mobility is driven in part by: |  |
| a) | workers' desires to improve their economic situation. |  |
| b) | firms' desires to hire more productive workers |  |
| c) | personal preferences. |  |
| d) | all of the above | + |
| e) | All answer incorrect |  |
| 48. | A nation may be able to correct or eliminate a persistent (long-term) balance of payments deficit by |  |
| a) | lowering the barriers on imported goods |  |
| c) | reducing the international value of its currency | + |
| d) | expanding its national income |  |
| e) | reducing its official reserves |  |
| 49.  | Which of the following is a prediction of the human capital model? |  |
| a) | An improvement in the economic opportunities available in the destination location raises the likelihood that the worker will move |  |
| b) | An improvement in the employment opportunities at the current location of residence lowers the likelihood that the worker will move. |  |
| c) | An increase in migration costs reduces the likelihood of a move. | + |
| d) | Both (A) and (B). |  |
| e) | All answer incorrect |  |
| 51. | International movement of capital influence on capital-importing countries (find incorrect variant): |  |
| a) | contributes to the economic growth of the recipient country capital; |  |
| b) | creates new jobs; |  |
| c) | foreign capital brings new technology; |  |
| d) | improve the political situation in the country | + |
| e) | All answer incorrect |  |
| 52. | Which of the following is not a benefit of FDI? |  |
| a) | FDI strengthens the economic potential |  |
| b) | FDI decreases competition | + |
| c) |  FDI incorporates local firms into foreign trade |  |
| d) |  FDI leads to technology transfer |  |
| e) | All answer incorrect |  |
| 53. | Definition of Foreign Portfolio Investment is: |  |
| a) | An investment made by a company or entity into a company or entity based in the same country. |  |
| b) |  An investment made by a company or entity based in one country, into a company or entity based in another country. |  |
| c) |  An investment made by a company or entity into stocks and bonds market based in the same country |  |
| d) |  An investment made by a company or entity based in one country, into stocks and bonds market based in another country. | + |
| e) | All answer incorrect |  |
| 54. | Which of the following is emigration? |  |
| a) |  The act of leaving one's country with the purpose to visit some friends, living in other country |  |
| b) |  The act of [movement of people](http://en.wikipedia.org/wiki/Human_migration) into the country to which they are not native in order to settle there |  |
| c) |  The act of [movement of people](http://en.wikipedia.org/wiki/Human_migration) from city to city within the country in order to settle here |  |
| d) |  The act of leaving one's country with the intent to settle permanently in another country | + |
| 55. | Foreign direct investment from a source country into a destination country for the purpose of exporting to a third country is: |  |
| a) | Horizontal FDI |  |
| b) | Vertical FDI |  |
| c) | Platform FDI | + |
| d) | all the answers are not correct |  |
| e) | All answer incorrect |  |
| 56. | National regime occurs when: |  |
| a) |  National investors has advantages in compare with foreign ones |  |
| b) |  National and foreign investors have the same privileges | + |
| c) |  Foreign investors have advantages in compare with national ones |  |
| d) |  None of them |  |
| e) | All answer correct |  |
| 57. | Which of the following would most likely lead to repeat migration but not to return migration? |  |
| a) | Using migration as a stepping-stone for one's career. | + |
| b) | Upon moving, learning that one misses the weather from the old location. |  |
| c) | Upon moving, learning that one misses one's friends and family. |  |
| d) | Upon moving, learning that one's wage is not as great as one had hoped it would be |  |
| e) | All answer incorrect |  |
| 58. | Which factor not influence on balance of payments: |  |
| a) | Inflation Rate |  |
| b) | World Prices of a Commodity |  |
| c) | Trade Barriers |  |
| d) | Militarization of economic |  |
| e) | Migrations of labor force | + |
| 59. | National regime occurs when: |  |
| a) | National investors has advantages in compare with foreign ones |  |
| b) |  National and foreign investors have the same privileges | + |
| c) |  Foreign investors have advantages in compare with national ones |  |
| d) |  None of them |  |
| e) | a) and b) |  |
| 60. | http://highered.mheducation.com/olcweb/styles/shared/spacer.gifWhich of the following is not one of the four main benefits of FDI for a host country? |  |
| a) | the resource transfer effect |  |
| b) | the employment effect |  |
| c) | the balance-of-payments effect |  |
| d) | the exchange rate effect | + |
| e) | All answer incorrect |  |
| 61. | If a country is running a current account deficit: |  |
| a) | Governments are generally pleased for both the short and long term. |  |
| b) | the country is exporting more goods and services than it is importing. |  |
| c) | the deficit must be financed by the sales of assets of the country. | + |
| d) | FDI is an important consideration, but it cannot help a country address the deficit. |  |
| e) | All answer incorrect |  |
| 62. | Which factors contribute to the export of capital (find incorrect variant): |  |
| a) | The growing interconnection of national economies; |  |
| b) | international industrial cooperation; |  |
| c) | The economic policies of industrialized countries seeking to help attract foreign capital to give significant impetus for economic development; |  |
| d) | Political instability in exporter country | + |
| e) | All answer incorrect |  |
| 63. | The investment into production or business in a country by an individual or company in another country, either by buying a company in the target country or by expanding operations of an existing business in that country is: |  |
| a) | the direct investment; | + |
| b) | the horizontal investment; |  |
| c) | the vertical investment |  |
| d) | the portfolio investments; |  |
| e) | All answer incorrect |  |
| 65. | The total balance of payments statement |  |
| a) | reflects a deficit when a country's exports exceed its imports |  |
| b) | reflects a surplus when a country's exports exceed its imports.  |  |
| c) | is always in balance.  | + |
| d) |  could reflect a deficit, surplus, or be in balance depending on prevailing economic conditions |  |
| e) | All answer incorrect |  |
| 66. | The institutional arrangement that governs exchange rates is known as the |  |
| a) | Financial control system |  |
| b) | International monetary system | + |
| c) | International monetary fund |  |
| d) | International financial regime |  |
| e | All answer incorrect |  |
| 67. | When the foreign exchange market determines the relative value of a currency, wesay that the currency is adhering to a(n) |  |
| a) | Volatile exchange rate |  |
| b) | Pegged exchange rate |  |
| c) | Floating exchange rate | + |
| d) | Fixed exchange rate |  |
| e) | All answer incorrect |  |
| 68.  | A \_\_\_\_\_ means the value of the currency is fixed relative to a reference currency. |  |
| a) | Pegged exchange rate | + |
| b) | Dynamic exchange rate |  |
| c) | Floating exchange rate |  |
| d) | Fixed exchange rate |  |
| e) | All answer incorrect |  |
| 69. | When the central bank of a country intervenes in the foreign exchange market to try to maintain the value of its currency if it depreciates too rapidly against an important reference currency, the country is said to be following a \_\_\_\_\_ system. |  |
| a) | Fixed exchange rate |  |
| b) | Clean float |  |
| c) | Floating exchange rate |  |
| d) | Dirty float | + |
| e) | All answer incorrect |  |
| 70. | A country with a current account surplus is |  |
| a) | becoming steadily wealthier at the expense of the rest of the world.  |  |
| b) | saving more than it invests.  | + |
| c) |  necessarily running a government budget deficit.  |  |
| d) | saving less than it invests |  |
| e) | All answer incorrect |  |
| 71. | What was the name of the US-led and -funded plan for reconstructing postwar Europe called? |  |
| a) |  The Truman Doctrine  |  |
| b) |  The Marshall Plan  | + |
| c) |  The Bretton Woods system  |  |
| d) | The Structural Adjustment Plan  |  |
| e) | Keynes plan |  |
| 72. | The gold standard had its origin in the use of \_\_\_\_\_ as a medium of exchange, unit of account and store of value |  |
| a) | The U.S. dollar  |  |
| b) | The British pound |  |
| c) | Paper currency |  |
| d) | Gold coins | + |
| e) | All answer incorrect |  |
| 73. | When a country pegs its currencies to gold and guarantees convertibility, the countries following the |  |
| a) | Gold standard | + |
| b) | Bretton Woods system |  |
| c) | Fixed exchange system |  |
| d) | Floating exchange rate system |  |
| e) | All answer incorrect |  |
| 74. | The case for floating exchange rates includes\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_. |  |
| a) | national sovereignty; trade balance adjustments |  |
| b) | the need to use gold in industrial applications; trade balance adjustments |  |
| c) | monetary policy autonomy; the entrepreneurial nature of foreign exchange banks |  |
| d) | monetary policy autonomy; trade balance adjustments | + |
| e) | All answer incorrect |  |
| 75. | Which of the following is NOT true about the lending of the World Bank? |  |
| a) | The World Bank raises money through bond sales and makes the funds available at rates below commercial banks' market rate. |  |
| b) | The World Bank raises IDA funds to provide funds to the poorest countries at very low rates or through grants and low interest loans |  |
| c) | The World Bank has changed its focus throughout its life to respond to what it sees as important projects and initiatives. |  |
| d) | The failure of high-risk loans made by the World Bank was one of the root causes of the 2008-9 global financial crises. | + |
| e) | All answer incorrect |  |
| 76. | Which of the following is related to the central-planned economy? |  |
| a) | government controls price and output of goods bought and sold | + |
| b) | commercial decisions are made by individuals |  |
| c) | the prices are regulated by demand and supply |  |
| d) | free competition plays an important role |  |
| e) | All answer incorrect |  |
| 77. | Which of the following is a disadvantage of protectionism? |  |
| a) |  Decreases employment |  |
| b) |  Decreases the wages |  |
| c) |  Weakens the industry | + |
| d) |  Decreases the prices of local goods |  |
| e) | Increases the prices of local goods |  |
| 78. | Multinational corporations  |  |
| a) | require government subsidy in order to conduct worldwide operations  |  |
| b) | will conduct direct investment if the rate of interest in the host country is higher than their own country’s interest rate  |  |
| c) | will conduct direct investment due to a specific business opportunity in the host country  | + |
| d) | Both a. and b. are correct.  |  |
| e) | All answer incorrect |  |
| 79. | When a multinational enterprise undertakes foreign direct investment in an industrialized country, whose economy is similar to the country of origin where MNE comes from  |  |
| a) | The income distribution effects of the FDI are similar to those predicted by the H-O model  |  |
| b) | The welfare effects are positive but the there are strong income distribution effects of FDI  |  |
| c) | The income distribution effects of FDI are minor and welfare in both countries improves  | + |
| d) | None of the above  |  |
| e) | a) and c) |  |
| 80. | Which factors did in the developing of “Asian Tigers” economy play a key role? |  |
| a) | low qualified labor force; abundant of raw materials |  |
| b) | high qualified labor force; low governmental regulation |  |
| c) | development of technologies; high qualified labor force | + |
| d) | all variants are true |  |
|  | All answer incorrect |  |
| 81. | Which one is the characteristic of the least developed countries? |  |
| a) | not favorable political conditions; development of machine industry |  |
| b) | key role of raw materials; production of food products |  |
| c) | the absence of natural resources; developed industry |  |
| d) | not favorable social-economic conditions; the absence of natural resources | + |
| e) | All answer incorrect |  |
| 82. | From the variants below choose the disadvantages of economic integration: |  |
| a) | increasing labor migration; trade diversion |  |
| b) | trade diversion; outflow of resources | + |
| c) | high product price; technological development |  |
| d) | none of the above |  |
| e) | Increase cultural relationship |  |
| 83. | What are the reasons of internal development of newly industrialized countries? |  |
| a) | low quality of labor; developing of agricultural sector |  |
| b) | common economic reforms; high quality of labor | + |
| c) | favorable economic model; low level of investments |  |
| d) | none of the above |  |
| e) | All answer correct |  |
| 84. | In the developed countries increase the role of: |  |
| a) | primary sector |  |
| b) | tertiary sector | + |
| c) | primary and secondary sector |  |
| d) | tertiary and primary sector |  |
| e) | All answer correct |  |
| 85. | How do we define the developing countries? |  |
| a) | countries with low GDP per capita and high economic development |  |
| b) | countries with high GDP per capita and low economic development |  |
| c) | countries with low social-economic development and low GDP per capita | + |
| d) | countries with high GDP per capita and low unemployment rate |  |
| e) | All answer incorrect |  |
| 88. | Which of the following model is related to the economy of “Asian Tigers”? |  |
| a) | import development model |  |
| b) | export-oriented model | + |
| c) | liberal model |  |
| d) | none of the above |  |
| e) | Import-subsidizing model  |  |
| 89. | Which factors did in the developing of “Asian Tigers” economy play a key role? |  |
| a) | low qualified labor force; abundant of raw materials |  |
| b) | high qualified labor force; low governmental regulation |  |
| c) | development of technologies; high qualified labor force | + |
| d) | all variants are true |  |
| e) | All answer incorrect |  |
| 90. | Which of the following is not related to the objective of Maastricht treaty? |  |
| a) | common foreign and security policy |  |
| b) | economic and monetary union |  |
| c) | money emission | + |
| d) | all variants are true |  |
| e) | Free movement of labor force |  |
| 92. | Which of the following is related to the European Union common market stage? |  |
| a) | European Economic Community |  |
| b) | Common European Act | + |
| c) | Paris treaty |  |
| d) | League of Nations |  |
| e) | UN |  |
| 93. | What is the definition of Trade Barriers? |  |
| a) |  International restrictions on trade |  |
| b) |  Contracts between producers from different countries |  |
| c) |  Contracts between local producers |  |
| d) |  Government-induced restrictions on international trade  | + |
| e) | All answer incorrect |  |
| 94. | Which of the following statements is always true?  |  |
| a) | Comparative advantage implies absolute advantage.  |  |
| b) | Absolute advantage implies comparative advantage.  |  |
| c) | Comparative advantage does not require absolute advantage. | + |
| d) | Absolute advantage requires comparative advantage.  |  |
| e) | All answer incorrect |  |
| 96. | Which of the following are used as nontariff barriers? |  |
| a) | government procurement policies  |  |
| b) | health and safety standards |  |
| c) | domestic content laws  |  |
| d) | All of the above | + |
| 97. | In industries in which there are scale economies, the variety of goods that a country can produce is constrained by  |  |
| a) | the fixed cost  |  |
| b) | the size of the labor force  |  |
| c) | the size of the market  | + |
| d) | anti-trust legislation  |  |
| e) | All answer incorrect |  |
| 98. | Where there are economies of scale in free international trade, the scale of production possible in an economy is constrained by  |  |
| a) | the size of the country  |  |
| b) | the size of the trading partner’s market  |  |
| c) | the size of the domestic market  |  |
| d) | the size of domestic plus the foreign market  | + |
| e) | All answer incorrect |  |
| 99. | Economists argue that the best method of protecting domestic production in an industry involves  |  |
| a) | government provision of an export subsidy  |  |
| b) | government provision of production subsidy  | + |
| c) | a government imposed tariff on the imports of the good into the country  |  |
| d) | a government imposed import quota  |  |
| e) | All answer incorrect |  |
| 100. | “Value added” in the context of international trade refers to: |  |
| a) | the difference between the value of the imported inputs and the value of the exported product. | + |
| b) | the additional value a worker provides to a firm when she is hired.  |  |
| c) | the value added by being able to purchase goods in a competitive market.  |  |
| d) | the value added by import brokers when they mark up the price of the products.  |  |
| e) | All answer incorrect |  |