**International Economics Quiz 2 (July 12, 2022)**  with ANSWERS  *Parsons*

Name: ＿＿＿＿＿＿＿＿＿

You must answer all questions for full credit.

You have until the end of the period to submit your exam.

This is a closed book exam. Communication with other students is not permitted. Use of cell phone or other electronic devices is also not permitted. Violation of these rules will result in failure for the course also other possible penalties (including expulsion from the school.)

Please raise your hand if you have any further questions.

Write all your answers on the answer sheet.

Good luck!

**Part I. Graphs**



**Problems 1) to 5) are based on the Figure above.**

1) What is the LOSS to the consumer with the tariff?　(Describe the areas) 4+5+6+7+8

2) What is the GAIN to the producer from the tariff? (Describe the areas) 4+5

3) What area describes the tariff revenue from the tariff? 7+13

4) What area depicts the Terms of Trade Gains (Effect) 13

5) Do you think, overall, this tariff will be a net gain or net loss to the country? Explain. I think it will be NET GAIN because 13 is greater than 6+8.



**Problems 6) to 9) refer to the figure above, Export Tax, small country case**

6) What is the GAIN to the consumer after the Tax is imposed?　(Describe the areas) A

7) What is the LOSS to the producer after the Tax? (Describe the areas) A+B+C+D

8) What area describes the GOVERNMENT REVENUE from the Tax? C

9) Do you think, overall, this tariff will be a net gain or net loss to the country. Explain. It will be a NET LOSS because the gain to consumer (A) and the gain in revenue (C), will be less than the loss to the Producer (A+B+C+D), so this will result in NET loss of area B+D for the country overall.

**Part II. Multiple choice. Pick the SINGLE, best answer (except 16).**

**Trade in a One-Factor World**

|  |  |  |
| --- | --- | --- |
| Kg per unit of Labor: | |  |
|  | U.S. | France |
| Wheat | 300 | 100 |
| Beef | 100 | 20 |

Referring to the Table above:

10) Which country has the Absolute Advantage in Wheat?

a) US

b) France

c) Neither

11) Which country has the Absolute Advantage in Beef?

a) US

b) France

c) Neither

12) Which country has the Comparative Advantage in Wheat?

a) US

b) France

c) Neither

13) Which country has the Comparative Advantage in Beef?

a) US *it is FIVE times better in Beef, and only 3 times better in wheat*

b) France

c) Neither

14). On the Huber “Opening of Japan” paper. Pick the single best answer. Huber found after Japan opened to trade that:

a) real wages in Japan fell 20%

b) real wages in Japan fell 50%

c) real wages in Japan rose 67%

d) real wages in Japan rose 167%

15) (Also on Huber paper). One of Japan’s main exports after its opening of trade to the West was:

a) Iron

b) Cotton

c) Silk

d) Cars

e) Steel

16) On Anti-dumping Duties. From the choices below pick the **two (2) LEGAL** criteria for dumping.(Please choose 2 from below.)

* 1. Pf > Pd
  2. Pf < Pd
  3. Pd > AC
  4. Pf < AC
  5. Pc < Pd

17) Of the countries below, which country has used ADDs the *LEAST*?

* 1. Japan
  2. The US
  3. India
  4. Argentina
  5. China

18) Choose the BEST answer. Which best describes the typical length of time an ADD is imposed?

* 1. A few weeks
  2. 6 months to a year
  3. One to two years
  4. 5 years or more