1. Examine Figure Egypt-Israel. __________ has the comparative advantage in apples and ________ has the absolute advantage in chairs.
A. Israel, Egypt  
B. Egypt, Israel  
C. Israel, Israel  
D. Egypt, Egypt

2. Examine Figure Egypt-Israel. Under autarky, in Egypt the cost of one chair is ______ apples.
A. 2/3  
B. 1  
C. 3/2  
D. 75

3. Examine Figure Egypt-Israel. In trade, ______ will import apples and _______ will import chairs.
A. Israel, Egypt  
B. Egypt, Israel  
C. Israel, Israel  
D. Egypt, Egypt

4. Examine Figure Egypt-Israel. Which of the following terms-of-trade falls in the region of mutual advantage?
A. 1 apple costs 8/7 chairs  
B. 1 apple costs 7/8 chairs  
C. Both A and B  
D. Neither A or B
5. Which of the following is a good reason for international trade?
A. Different production technologies in different countries.
B. Different endowments in different countries.
C. Different preferences in different countries.
D. All of the above

6. China has 20% of the world’s population but only 10% of the world’s farmable land. The Heckscher-Ohlin theory of trade would predict which of the following for China following the opening of trade?
A. China will export land-intensive goods like wheat and import labor-intensive goods like clothing.
B. China will shift resources into the production of agricultural goods and away from manufactured goods.
C. China will shift resources out of the production of agricultural goods and into the production of labor-intensive goods.
D. China will export capital-intensive goods like automobiles and import labor-intensive goods like clothing.

7. The gravity model of trade theory is ______ at predicting the trade volumes between countries and ______ to predict what goods will be traded.
A. good; unable
B. bad; unable
C. good; able
D. bad; able

8. Which of the following theories suggests changes to the quantity of production under trade?
A. Stolper-Samuelson Theory
B. Factor Price Equalization
C. Rybczynski Theorem
D. none of the above
9. Suppose that the U.S. doesn’t allow trade in applesauce. What is the change in producer surplus in the ROW if trade was allowed?
   A. u
   B. u + z
   C. u + w + y
   D. u + x + v + w + y

10. If the U.S. allows trade in applesauce then the ROW will consume _____ and the U.S. will produce _____.
   A. Q2, Q5
   B. Q1, Q6
   C. Q3, Q4
   D. Q1, Q4
11. Examine Figure UK and EU. Under free trade, what is the terms-of-trade?
A. 1 orange for 1 wool
B. 2 oranges for 1 wool
C. 2.5 oranges for 1 wool
D. 3 oranges for 1 wool

12. Examine Figure UK and EU. Under free trade, the UK will import _____ oranges.
A. 20
B. 40
C. 60
D. None of the above
13. Examine Figure UK and EU. Under free trade the UK will produce ______ oranges.
   A. 8
   B. 16
   C. 24
   D. 26

14. Which of the following best exemplifies Rybczynski’s theory.
   A. Canada finds a new oil field and produces more oil and refined petroleum products and produces less of other goods.
   B. Canada finds a new oil field and exports more oil and refined petroleum products and imports more of other goods.
   C. Canada finds a new oil field and the price of oil and refined petroleum products fall while and the prices of other goods rise.
   D. Canada finds a new oil field and the price of oil and refined petroleum products fall and the prices of other goods fall.

15. Immiserizing growth can be _____ because of ________.
   A. harmful to welfare, a worsening in the terms-of-trade
   B. beneficial to welfare, an improvement in the terms-of-trade
   C. common among countries, minor changes in the terms-of-trade
   D. rare among countries, major changes in the terms-of-trade

16. The data suggests that theory of factor price equalization is ______.
   A. incorrect about forecasting converging unskilled wages across countries
   B. incorrect about forecasting converging intermediate goods prices across countries
   C. incorrect about forecasting converging skilled wages across countries
   D. incorrect about forecasting diverging wages between skilled and unskilled workers within a country

Scenario 3.

17. Refer to Scenario 3. In autarky the country is on the _____ indifference curve, but under trade consumes at _______ on the _____indifference curve.
   A. S1, G, S1
   B. S1, C, S2
   C. S0, G, S1
   D. S0, C, S2
18. Refer to Scenario 4. Which of the following represents Country B’s production in autarky?
A. point f
B. point g
C. point h
D. line I4

19. Refer to Scenario 4. Which of the following represents Country B’s exports?
A. X6 – X4
B. X6 – X5
C. Y5 – Y4
D. Y5 – Y6

20. According to Stolper-Samuelson, in the long-run increased openness to trade ______.
A. pulls workers into export-oriented industries
B. pulls workers into import-oriented industries
C. creates a higher natural level of unemployment
D. none of the above

21. Intra-industry trade ______.
A. is more likely for lesser developed economies
B. is more likely for smaller countries
C. is not explained by the Heckscher-Ohlin theory
D. all of the above
22. According to the gravity model of trade, we would expect greater trade flows _____.
   A. between countries that don’t share a common language
   B. between countries that are farther apart
   C. between larger countries
   D. between countries with a higher level of corruption

23. In 2016, the United States government overturned a preexisting law forbidding the export of oil. As a result we would expect _____________.
   A. oil prices in the United States would fall.
   B. consumption of oil in the United States would increase.
   C. production of oil in the United States would increase.
   D. none of the above.

24. Which of the following countries likely has the most amount of intra-industry trade?
   A. Germany
   B. Kuwait
   C. Botswana
   D. Chile

25. \[ MC(\text{corn}) = 8r + 4w \]
    \[ MC(\text{spoons}) = 4r + 8w \]
    Autarky factor prices in Indonesia: \( r = 15, w = 5 \)
    Autarky factor prices in Australia: \( r = 10, w = 10 \)

   _____________ has the comparative advantage in corn and the rental rate will _____ in that country.
   A. Indonesia, rise
   B. Indonesia, fall
   C. Australia, rise
   D. Australia, fall

26. In roughly 1000 words explain the international trade of your (randomly assigned) country. Explain why they import and export the goods that they do and why they have the trading partners that they do. Data can be found from the CIA World Factbook. Hint: Discuss the various theories from class. Grading will be based on readability, depth of analysis and correct application of economic theory. (50 points)