

NAME:

Global Market and Economic Policies
Module 1: Topics in Global Markets

Exam

24 June 2015

Time available: one hour

Section 1 (15 points)

Answer all questions

- 1) The pro-competitive effect of international trade is well explained by the Krugman Model (5 points)

True.... False.....

Why ?

- 2) A country without comparative advantages doesn't gain from international trade (5 points).

True.... False.....

Why ?

3) In a free trade area all barriers to the trade of goods and services among member countries are removed. On the contrary a custom union re-introduces most of them (5 points)

True.... False.....

Why ?

Section II (15 points)

Answer one of the following questions

- 4) Discuss the most important characteristics of globalization
- OR
- 5) Discuss costs and benefits of FDI for the home country

