"GLOBALIZATION: PAST, PRESENT AND FUTURE" (22214)

Exam model with sample questions!
Prof. Dr. Dr. h.c. Karl-Heinz Paqué, VWL-IW

Name: _____

Matr.-No.: _____

Preliminary Remarks:

- **Time**: 2 hours
- **Aids**: no aids are allowed, except one bilingual dictionary
- **Language**: English. Answers in German are possible for students who are registered in German-speaking programs of the University.
- **Structure**: The exam consists of two parts (I, II). Part I consists of **15** multiple choice questions worth 60 points in total (**4** points each in case of correctly answered question and 0 points in case of wrongly answered question). For each multiple choice type question, several possible answer choices are listed. Note that **there may be several true statements for each question**. The correct answer is the choice that contains **all** true statements in response to the question. Please choose the correct statement(s) among the four provided and mark your answers on the answer sheet below. Part II consists of two open questions worth 60 points in total (30 points each). Both questions consist of several sub-questions that are to be answered using standard tools of economic reasoning. The exam is worth 120 points in total.

Part I (60 points):

Please mark your answers on the answer sheet below:

	A	B	C	D
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				

Exam model with sample questions

Part I (60 points):

1. **Which of the following statement(s) is (are) true? The Roman Empire had a number of remarkable economic features:**

(A) According to modern estimates of economic historians, it was roughly as rich as England in the late 17th century.

(B) It was highly urbanized, with Rome being a big capital city with, as some estimates indicate, a population of up to one million people.

(C) It by-and-large preserved the trade links and port infrastructure inherited from Greek and Phoenician times.

(D) Its decay came abrupt and fast – within the third century after Emperor Augustus.

2. **International capital mobility reached a peak in the late 19th and early 20th century. Which of the following statement(s) is (are) true?**

(A) Current account deficits and surpluses were quite high as a percentage of GDP compared to later times.

(B) The countries that exported capital were generally the richest ones, above all Great Britain, the then economically leading nation.

(C) The countries that imported capital were typically impoverished nations experiencing a debt crisis.

(D) The city of London was the major financial centre of the period.

3. **The 1950s to the 1960s was a period in which Europe rapidly caught up vis-à-vis the United States in terms of per-capita income. Which of the following statement(s) is (are) true?**

(A) The catching-up was largely due the Marshall Plan, which amounted to 5 percent of European GDP from 1950 to 1960.

(B) The catching-up went along with a massive upswing of European integration, which led to an ever denser network of intra-industry trade all over Europe.

(C) The growth spurt in Europe came to end in the early 1970s – roughly at the time of the first global oil crisis.

(D) The catching-up finally led to a state of full employment all over Europe, but particularly in Germany with an average unemployment rate in the 1960s of about 1 percent.

4. **From 1950 to 2006 the volume of world trade increased by a factor of 26. How did this happen?**

(A) The costs of transportation and telecommunication fell dramatically over this period, substantially reducing the costs of shipping and coordinating international trade.

(B) Slightly over half of this increase is due to increasing trade in agriculture products as consumers developed more global tastes in food products.

(C) In later years, the share of light weight, high-value goods increased as a share of the value of trade.

(D) Numerous countries reduced barriers to trade, such as import tariffs, over this period.

5. **With the collapse of the Soviet Union, post-Communist Eastern European countries began entering world markets. Which of the following statement(s) is (are) true?**

(A) Even today, all former members of the Soviet Union have levels of GDP per capita lower than the EU average. In later years, the share of light weight, high-value goods increased as a share of the value of trade.

(B) However, if one adjusts for differences in purchasing power parity, some post-Soviet Union countries have GDP per capita higher than that of the EU average.

(C) Economic reforms were implemented rapidly so as to prevent the inevitable hardship of adjustment for the population at large from leading to whatever political backlash in terms of stalled reforms and a revival of protectionism.

(D) Central European countries such as the Czech Republic and Poland have above all achieved growth in service sectors and Information and Communication Technologies (ICT) rather than manufacturing.

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Part II (60 points):

Question 1 (30 points):

In his recent book "The Great Convergence", trade theorist Richard Baldwin has delivered a fascinating interpretation of world economic history, globalization and the arrival of information and communication technology (ICT).

(A) [OMITTED] **(5 points)**

(B) [OMITTED] **(5 points)**

(C) [OMITTED] **(5 points)**

(D) [OMITTED] **(5 points)**

(E) [OMITTED] **(5 points)**

(F) Does Baldwin's theory properly explain the extraordinary rise of China? Explain. **(5 points)**

Question 2 (30 points):

[OMITTED]
(A) [OMITTED] . **(15 points)**

(B) [OMITTED] **(15 points)**

End of the exam. Good luck!