

## 20101\_Econ 410: International Economics

### Quiz\_1\_Chapter\_2\_Answers

1) The gravity model explains why

A) capital rich countries export capital intensive products.

B) intra-industry trade is relatively more important than other forms of trade between neighboring countries.

C) trade between Sweden and Germany exceeds that between Sweden and Spain.

D) countries with oil reserves tend to export oil.

E) None of the above.

**Answer: C**

2) In general which of the following tend to promote the probability of trade volumes between two countries?

A) linguistic and/or cultural affinity.

B) sizes of economies.

C) mutual membership in preferential trade agreements.

D) historical ties.

E) All of the above.

**Answer: E**

3) The two neighbors of the United States do a lot more trade with the United States than European economies of equal size.

A) This is consistent with predictions from gravity models.

- B) This contradicts predictions from gravity models.
- C) This is relevant to any inferences that may be drawn from gravity models.
- D) This is because these neighboring countries have exceptionally large GDPs.
- E) None of the above.

**Answer: A**