Question 1
Briefly define each of the different types of foreign direct investment. What causes each to arise? How does each relate to trade? Explain.

Question 2
Evaluate the following comment:
Economists have estimated that protection of the U.S. textile and apparel industry results in 169,000 more jobs in that sector than would be the case with no protection. Clearly, this is a case in which protection is justified because it works; Americans are better off.

Question 3
What is a GINI coefficient? What does it tell us? Why do we look at the GINI coefficient? Briefly explain how it is derived. What are some other variables we use instead of / along with the GINI coefficient?

Question 4
Is the budget deficit of a country linked to its current account balance? How so? Explain how it is possible for the United State’s current account deficit to grow in the 1990’s while the budget deficit disappeared.

Question 5
Briefly explain the infant industry argument. What do the proponents of this argument suggest? What are some of it’s’ shortcomings?

Question 6
Which is a more restrictive trade barrier – an import tariff or an equivalent import quota?