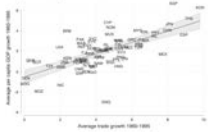


15-Trade-Part-2

- 1 What does this figure tell us about the causal effect of trade on income per capita?

Figure 5: Average Per Capita GDP Growth versus Trade Growth 1960-1995



- ☒ Nothing in particular
- B Trade raises income per capita
- C Income per capita spurs trade
- D Both cause each other, circularly
- 2 As the cost of air-freight falls declines, which of these items are most likely be air-shipped
- A Helium balloons
- B New cars
- ☒ Semiconductors
- D All of the above
- 3 Which of these fact patterns would falsify the exclusion restriction
- A Certain airborne pathogens are transported by air but not by sea (e.g., COVID, SARS)
- B Some countries that trade intensively are poorer (and growing more slowly) than some countries that trade very little
- C Air travel makes tourism much easier
- ☒ Some but not all of the above

SURVEY

- 4 Based on your 14.03/003 training and other life experiences, how 'pro trade' are you?
- A Free trade is nearly always the best policy
- B Free trade is the right default, but there are reasons for caution
- C Restricted trade is the right default. Free trade in special circumstances
- D Free trade is almost never the best policy

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