Note: given the fact that you’re ‘obliged’ to answer the weekly questions, try to profit the most from the task:

- Start by reading the lecture notes.

- Looking at them as little as possible, answer the questions.

The answers of the questions of **week 4** should be handed to me at the beginning of **Monday’s lecture of Oct 17th.** They should be **manuscript (not typewritten)**, concise and preferably based on schemes (as I do in the whiteboard). Keep a copy for yourself.

Please write **WEEK 4 in bold** at the beginning of your answers.

**Ch. 4: Trade and LDCs**

**L7: The Infant Industry Argument: LDCs should temporarily protect their industries against foreign competition**

1.a) As a rule there should not be obstacles to M. Why?

b) Which exception may be made to that rule? Explain.

2. Explain the three ways through which the P/Ql of a country’s industry may improve as that industry grows over time.

3. Why Jp’s car industry would have not emerged after WW2 if the Jp government had embraced free trade?

4. Explain the virtuous spiral that occurred in the Jp car industry in the 30 years after WW2.

5. Explain the virtuous spiral that occurred in the Jp car industry after 1975.

6. What were the three types of costs endured by Jp’s consumers in the 30 years after WW2?

7. What is the value added generated by a worker?

8. What was the major benefit for Jp of its Import-Substitution Industrialization (ISI)?

9. Which other countries followed a similar strategy? When?

10. In which way can it be argued that the Japanese auto industry did **not** need protection back in 1945?

11.In which way can it be argued that the Japanese auto industry **did** need protection back in 1945?

12. Who bore the costs of Jp’s post-WW2 protection?

13. In which way can it be argued that entrepreneurs and their financiers will make a better selection than state technocrats of the industries a country specializes in?

14. In which way can it be argued that state technocrats will make a better selection than entrepreneurs and their financiers of the industries a country specializes in?

**L8: Ch. 5. II.Industrialization based on the attraction of MNs for X**

**15.** Which are the more and the less sophisticated stages of the production chain of electric and electronic products?

**16.** In contrast with the industrialization of SE Asian countries, that of Jp required a long period of protection. Why?

17. What are the costs of an ISI strategy?

18. What has characterized the strategy of industrialization of many SE Asian countries?

19. What is meant by “international fragmentation of the production chains by MNs”?

20. What has made that fragmentation possible?

21. What are the four advantages of the strategy of industrialization followed by many SE Asian countries compared with ISI? Key question; long answer required.

22. Describe the successive waves of industrialization in SE Asia since 1980s.

23. a) Which was the world’s poorest region in 1980? And today?

b) What did that imply in terms of the proportion of the world’s population that is extremely poor?

24. According to HO which goods countries vulnerable to wars and revolutions tend to import? Explain.

25. According to HO which goods countries with slaves tend to export? Explain.