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 5** should be handed to me at the beginning of **Monday’s lecture of Oct 24th.** 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 5 in bold** at the beginning of your answers.

**Ch. 5: Trade liberalization since WW2 under the GATT/WTO**

**1.**How did the average tariff on M of industrial goods evolved since WW2?

**2.** Mention two things that are behind the 4% average tariff rate set by all countries on their M of industrial goods.

**3.**a) What is the 1st rule of the WTO? Was it violated by Trump? Explain.

b) What is the 2nd rule of the WTO? Was it violated by Trump? Explain

**4. a)** Explain the first circumstance that may allow a country not to obey to the 2nd rule of the WTO. Which measure may the country apply when disrespecting that rule?

**b)** Explain the second circumstance that may allow a country not to obey to the 2nd rule of the WTO. Give an example of a circumstance that was used as a justification to disrespect that rule.

**c)** Explain the third circumstance that may allow a country not to obey to the 2nd rule of the WTO. Give an example of a circumstance that was used as a justification to disrespect that rule.

**5.** What is the 3rd rule of the WTO? What was the consequence of that rule to the countries that joined the WTO?

**6.** What is the 4th rule of the WTO? Which country may have violated it?

**7. a)** Which privilege does a patent give an inventor of a new product?

b) Which privilege does a patent give an inventor of a new production technology?

c) Which privilege does a copyright give?

8. What is the justification for the existence of patents and copyrights.

9. What is the 5th rule of the WTO? Which country may have violated it? How?

10. a) How does the WTO enforce its rules?

b) Did Trump follow the enforcement procedures of the WTO when it considered Ch violated its rules? Explain.

11. Tell how European, American and Japanese farmers are protected from foreign competition.

12. Is there free trade in services? Give one example.

13. a) If there were free trade, what would be the price of rice in Jp?

b) What determines the current price of rise in Jp? Why?

14. Who gains and who loses from the 500% tariff on rice M? Explain.

15. Why does it appear that the Jp government has an interest to abolish the rice tariff?

16. a) Why isn´t there lobbying against the rice tariff?

b) Why is there lobbying in favour of the maintenance of the rice tariff?

17. a) How do the Jp rice farmers lobby the Jp government?

b) Why do Jp politicians give in to that lobbying?

c) In this respect, is Jp a democracy or a plutocracy? Explain.

18. Why may it difficult for the government of a country to cut the tariffs on the M of a specific good?

**Ch 6 - Regional Economic Integration**

**19.** What is a FTA? Give two examples.

**20.** a) What’s the difference between a Customs Union and a FTA?

b) Can a country of a Customs Union established a FTA with third countries? Explain.

**21.** What’s the difference between a company’s stocks and a company’s bonds?

**22.** What’s the difference between the primary and the secondary markets of stocks and bonds?

**23.** a) What does the freedom of movement of K within a Common Market include?

b) What are the two things included in the free movement of people and workers of the Single European Market?

c) What are non-tariff barriers? Give one example. How did the Single European Market eliminate them?

**24.** What’s the difference between a Customs Union and an Economic Union (EU)?

**25.** a) What’s the difference between an EU and an Economic and Monetary Union?

b) The CB interest rate is applied to which kind of loans?

c) If the CB interest rate is 7% the interest rate on time deposits cannot be equal to 8%. Do you agree? Explain.

26. In which sense is the European Union partly a political union?

27. Like a Custom Union, a FTA eliminates all obstacles to trade between participating countries. Do you agree? Explain.

28. a) Explain why the creation of a FTA increases trade between the participating countries.

b) Which economic agents (firms, consumers and the state) are positively or negatively affected by the creation of a FTA?

29. a) Why did the creation of the Mercosur led to a diversion of some Argentina’s M from the US to Brazil?

b) “At the same time, Mercosur increased the amount of Argentina’s trade.” Do you agree? Explain.

**30.** a) Who gained and who lost with the diversion of Argentina’s auto M from America to Argentina? Explain.

b) Did that import diversion lead to a gain or a loss for Argentina as a whole? Explain.