

Problem Set 1: Introduction to Economics

1. Mercantilism was practiced between the _____ and _____ century.
 - a. 8th and 15th
 - b. 16th and 18th
 - c. 19th and 21st
 - d. Never. Mercantilism is a theoretical cult with no practical relevance.
2. Mercantilists believe that trade is a _____.
 - a. Positive product game
 - b. Zero sum game
 - c. Negative difference game
 - d. Irrational number game.
3. Which of the following was the least important for mercantilist rulers?
 - a. Agricultural self-sufficiency
 - b. A strong military
 - c. Colonies
 - d. Public education
4. Which statement is true? Mercantilists held that _____.
 - a. The individual is subordinate to the state
 - b. The state is subordinate to the individual
 - c. State and individual are on the same level
 - d. State and individual alternate in the subordination to each other
5. Mercantilism is characterized by _____.
 - a. Cooperation
 - b. Peace Building
 - c. Promoting imports
 - d. Promoting exports
6. The architect of English mercantilism and author of the Navigation Acts was _____.
 - a. William Penn
 - b. King George III
 - c. Oliver Cromwell
 - d. Jean Baptiste Colbert
7. Bullionism is the belief that a state's wealth is measured by _____.
 - a. the amount of clear seasoned soup
 - b. the amount of gold, silver, and other treasures in the hands of the state
 - c. the health and educational level of the people
 - d. the beauty of the country's poetry

8. The trade routes between Europe, Africa, and North America are known as _____.
 - a. Super Trade Autobahn
 - b. Fair trade Highway
 - c. Square trade grid
 - d. Triangle trade

9. The wars fought over trade routes between Europe and its colonies are known as _____.
 - a. Dutch-Anglo wars
 - b. Franco-Dutch wars
 - c. Anglo-Franco wars
 - d. World War I

10. Who was the first philosopher to realize that mercantilism was not sustainable?
 - a. Thomas Hobbes
 - b. Jean Jacques Rousseau
 - c. John Locke
 - d. David Hume

11. In mercantilism, all value-added was supposed to stay with _____.
 - a. The colonial hegemon
 - b. The colonists
 - c. The colon
 - d. The slave traders

12. The Dutch-Anglo wars were a result of _____.
 - a. The Princess of Dutch's refusal to marry Oliver Cromwell
 - b. Jean Baptiste Colbert's refusal to join the English Protestant Church
 - c. The Dutch winning the Commonwealth soccer championship on an illegal off-side goal
 - d. England's monopolization of sea transportation

13. The price specie-flow mechanism illustrates that _____.
 - a. mercantilism creates population growth
 - b. mercantilism creates war
 - c. mercantilism creates deflation
 - d. mercantilism creates inflation

14. Which of the following theories was developed by David Hume?
 - a. The price-specie blow mechanism
 - b. The price-specie glow mechanism
 - c. The price-specie flow mechanism
 - d. The price-specie show mechanism

15. During the slave trade, West African colonists were mostly in charge of _____.
a. The supply of slaves to the Americas
b. The supply of raw materials to Europe
c. The transformation of raw materials into goods
d. The maintenance of the English merchant fleet
16. Which of the following was not a byproduct of mercantilism?
a. Smuggling
b. Militarization
c. Colonization
d. Democratization
17. The Boston Tea Party _____.
a. Took place in 1773
b. Was an attack on an English boat carrying smuggled tea
c. Was a celebration of the American colonies' friendship with England
d. Was the beginning of the prohibition period
18. The mercantilist philosophy relies on _____.
a. Free trade
b. Fair trade
c. Coerced trade
d. Autarky
19. Who smuggled tea into the American colonies?
a. The French
b. The Spaniards
c. The Dutch
d. The Swiss
20. What was a direct consequence of tea smuggling?
a. The East India Tea Company almost went bankrupt
b. The East India Tea company build up huge stock piles of unsold tea
c. The East India Tea Company sought permission to sell its tea at a low price in the American colonies.
d. All of the above.
21. The first globalization wave occurred between _____.
a. 16th and 18th century
b. 1870 and 1914
c. 1945 and 1980 (era of Bretton Woods)
d. 1980 and 2008 (the neoliberal counterrevolution)

22. The first globalization wave was triggered by _____.
a. The industrial revolution
b. Political liberalization
c. Both a. and b. are correct
d. Mercantilism
23. The period of enlightenment is called as such because of _____.
a. The discovery of the light bulb
b. The heavy use of candles at the time
c. The spread of modern science
d. People getting happier and lightening up
24. The first globalization wave led to _____.
a. Large emigration from Europe
b. War between England and Holland
c. Hyperinflation in Germany
d. Independence of the United States
25. The first globalization wave led especially to _____.
a. North-South trade
b. Arms trade
c. Slave trade
d. All of the above
26. Which of the following was NOT part of the first wave of globalization?
a. Technological progress in transportation
b. Nationalistic trade policies
c. 60 million Europeans emigrating from Europe
d. Latin America, India, and parts of Africa exporting mostly primary commodities
27. During the first wave of globalization, which group benefited mostly in Latin America?
a. Peasants
b. Industrial workers
c. Landowners
d. Elementary school teachers
28. During the first wave of globalization, emigration from Europe _____.
a. Led to a more equal distribution of income
b. Led to political change that focused more on social justice
c. Both answers a. and b. are correct.
d. Led to a destabilization of the Gold Standard

29. Which of the following countries is not a so-called western off-shoot of Europe?
- Canada
 - The United States of America
 - New Zealand
 - Namibia
30. The first wave of globalization ended because
- of World War I
 - of World War II
 - trade was not a win-win situation
 - of the collapse of trade due to global inflation
31. Ancient Greek philosophers emphasized the subordination of _____ to _____.
- the state; the individual
 - the individual; the state
 - the church; the state
 - the state; the church
32. The philosophy of economic liberalism emphasizes the subordination of _____ to _____.
- the state; the individual
 - the individual; the state
 - the church; the state
 - the state; the church
33. Which of the following was NOT part of the industrial revolution?
- Electricity
 - Weaving machine
 - Steam engine
 - Digital communication
34. During the first globalization wave, Latin America and West Africa specialized in what production?
- agriculture
 - manufacturing
 - services
 - oil
35. The first wave of globalization led to _____ in Europe, the US, Australia, and New Zealand, and _____ in Latin America and West Africa.
- less equality; more equality
 - more equality; less equality
 - less wealth; greater wealth
 - less power; greater power

36. Modern economics began in which time period?

- a. Endarkment
- b. Enlightbulbment
- c. Enlightenment
- d. Encandlement

37. Modern economics is concerned with _____.

- a. Scariness
- b. Sparsiness
- c. Scarcity
- d. Scantity