### GENERAL:

Please type the translation for each section (1.1, 1.2, etc.) directly underneath the original. Please make identical use of the italics, underlining, and use of boxes. (Formatting in terms of spacing and tabs/margins is not important—as you can see, the English text here is not consistent in terms of tabs, and that is fine.)

### 1.1

1. Please mark the correct statement(s).

* *In a democracy, the government plays a limited role.*
* In a totalitarian system, the state has limited authority.
* In a socialist system, the individual is prioritized over the collective.

1. Please list three political risks.

*Trade barriers*

*Uncertain property rights leading to a government takeover of assets*

*Unexpected changes in taxation*

*Foreign investment laws.*

*Political instability*

*Corruption*

### 1.2

1. Please complete the following sentence.

Technological *innovations* are a key success factor for economic *growth***,** because they improve production *efficiency*.

1. Please mark the correct statement(s).

* Technology only encompasses physical objects (e.g., computers and machines).
* Technological innovations only have positive effects.
* *Processes are also considered technology.*

### 2.1

1. Which of the following is not a characteristic of globalization?

* increasing interconnectedness of economies
* cultural homogeneity
* *gain of national sovereignty*

1. Please mark the correct statement(s).

* During the nineteenth and twentieth century, the world has deglobalized.
* *Technological advances have promoted globalization.*
* Countries closing their national economies for trade advances globalization.

### 2.2

1. Please complete the following sentence.

A key opportunity of globalization is the *reduction* of poverty, while threats include the loss of national *sovereignty* and the risk of *contagion* in financial markets.

1. Which one of the following is not a threat of globalization?

* negative effects on the poor
* adverse consequences for the natural environment
* *a decrease in possibilities to communicate with individuals across borders*

### 2.3

1. Please mark the correct statement(s).

* Comparative advantages are firm specific.
* *Contemporary trade theories try to explain how nations can enhance their competitive advantage.*
* *Competitive advantages are firm specific.*

### 3.1

1. Please mark the correct statement(s).

* According to the principle of comparative advantage, a country should not trade with another country when it has an absolute cost advantage in all products.
* *A country currently developing a new product can obtain a temporary monopoly due to a technology gap between it and other countries.*
* Classical trade theories examine how firms can obtain a competitive advantage.

1. Please complete the following sentence.

The principle of comparative advantage suggests that the *relative* cost of production forms the basis of *trade* (and not the *absolute* production efficiency).

1. New trade theory assumes

* constant returns to scale
* *increasing returns to scale*
* diminishing returns to scale

### 3.2

1. Please mark the correct answer.

* International trade generally leads to political instability.
* *International trade generally leads to economic growth.*
* International trade generally only benefits exporting countries.

1. Please complete the following sentence.

International trade allows countries to produce and consume goods at *lower* prices, access a greater *variety* of goods, and advance international *political* stability.

### 3.3

1. Protectionism refers to

* national policies that protect the natural environment.
* corporate strategies to defend market share.
* *the economic policy of restricting a nation’s imports through government intervention.*

1. Please list four instruments a government can use as protectionist policies.

*Tariffs, quotas, local content requirements, import licenses, administrative rules or procedures, subsidies, exchange rate controls, and restrictions on foreign direct investments*

1. Please complete the following sentence.

Proponents of protectionism suggest that *protectionist* policies can be useful when the counterparty is not expected to *retaliate* or when such policies are adopted expressly to *retaliate* against protectionist measures of the counterparty.

### 4.1

1. Capital markets do not include which of the following markets?

* Stock markets
* *Commodity markets*
* *Derivatives markets*

1. Please list three participants in financial and capital markets.

*Firms, commercial banks, central banks, governments, institutional investors.*

### 4.2

1. Please mark the correct statement(s).

* Under fixed exchange rate regimes, exchange rates are determined by the market.
* Fixed exchange rate regimes are always better than floating exchange rate regimes.
* *Managed floats include elements of both fixed and floating exchange rate regimes.*

1. All other things being equal, if the demand for dollars increases under a flexible exchange rate regime, the value of the dollar against foreign currencies will…

* *appreciate.*
* depreciate.
* stay the same.

### 4.3

1. Please mark the correct statement(s).

* The purpose of hedging is speculation.
* *The purpose of a currency hedge is to manage foreign exchange risk.*
* *Call and put options can be used both for hedging and speculation purposes.*

1. Please complete the following sentences:

A *forward* contract is a non-standardized contractual agreement between two parties to exchange a pair of currencies at a specific time in the future at an agreed upon price. It is traded OTC, whereas a *future* has the same functionalities but is traded on an *exchange*.

### 5.1

1. Please mark the correct statement(s).

* The mission of the WTO is to advance regional economic integration.
* After the breakdown of the Bretton Woods system in the early 1970s, the IMF has no purpose.
* *The World Bank provides low-cost loans to developing countries.*

1. Please complete the following sentence.

The WTO, established in 1993, led to *reduced* tariffs, stronger monitoring and enforcement mechanisms in which *arbitration* decisions are automatically adopted by country members, and an extension of the GATT rules to the *services* sector.

### 5.2

1. Please mark the correct statement(s).

* The aim of regional economic integration is to secure an improved standard of living across nations globally.
* *Regional economic integration does not occur at once. Rather, it develops over time in different stages.*
* The WTO has succeeded in its aim to promote regional economic integration.

1. Please name three large trade blocs.

*RCEP, USMCA, European Union, MERCOSUR, ASEAN*

### 6.1

1. Please mark the correct statement(s).

* A trade war always leads to a physical armed conflict.
* Importing companies benefit from trade wars because it becomes cheaper for them to import goods.
* *Trade wars typically have negative economic effects for all countries directly involved.*

1. Please complete the following sentence.

Although the United States have been the only *superpower* for the last decades, the balance of power is shifting in favor of *China*, which today is both the largest economy in the world and the second largest *importer* globally (after the United States).

### 6.2

1. Please mark the correct statement(s).

* Emerging markets’ share of global GDP has declined over the last two decades.
* *China and India are the largest emerging markets measured in GDP.*
* Emerging markets typically grow slower than developed countries.

1. Please complete the following sentences.

Emerging markets offer chances for companies because they allow low-cost global *sourcing* and expanded *sales* markets. They also imply increased *risk* stemming from the political, economic, and cultural environment.

### 6.3

1. Please mark the correct statement(s).

* *The SDGs are made more actionable by defining specific targets for each goal.*
* The SDGs try to address purely regional challenges.
* The SDGs are developed and monitored by the International Monetary Fund.

1. Which of the following is a criticism of the SDGs often made by observers?

* The SDGs fail to consider certain sustainability issues.
* *The SDGs are too broad and sometimes conflicting.*
* The cost of implementing the SDGs does not outweigh the potential benefits.