

Course: International Trade and Policy
Week 11: International Institutions and Trade Governance

Instructions: Please select the best answer for each of the following ten questions. Each question has only one correct answer.

Question 1

What are the three pillars of the institutional architecture for global trade governance?

- A) WTO, IMF, and World Bank
- B) GATT, WTO, and UNCTAD
- C) IMF, IBRD, and IDA
- D) WTO, G20, and OECD

Question 2

According to the WTO principles, what does the Most-Favoured-Nation (MFN) rule require?

- A) All countries must impose the same tariff rates on all goods
- B) Any trade advantage given to one WTO member must be given to all members
- C) Foreign goods must be treated less favorably than domestic goods
- D) Developing countries are exempt from all tariff reductions

Question 3

What is the National Treatment principle under GATT Article III?

- A) Imported goods can be taxed more heavily than domestic goods
- B) Foreign goods, once inside the market, must be treated no less favorably than domestic products
- C) Countries must treat all trading partners identically at the border
- D) Only domestic producers receive government subsidies

Question 4

Why is the WTO Dispute Settlement Mechanism often called the "crown jewel" of the WTO?

- A) It allows unilateral retaliation without prior approval

- B) It is a binding, rules-based system that prevents unilateral retaliation
- C) It only applies to developed countries
- D) It has no time limits for consultations

Question 5

What is the current crisis affecting the WTO Appellate Body?

- A) The Appellate Body has been abolished by a consensus vote
- B) The US has blocked appointments since 2019, leaving it without a quorum
- C) Developing countries have withdrawn from the mechanism
- D) The UN has taken over all dispute settlement functions

Question 6

Which round of GATT negotiations established the World Trade Organization (WTO)?

- A) The Kennedy Round
- B) The Tokyo Round
- C) The Uruguay Round
- D) The Doha Round

Question 7

What is the primary mandate of the International Monetary Fund (IMF) in relation to trade?

- A) Long-term infrastructure financing
- B) Exchange rate stability and balance of payments financing
- C) Setting global tariff ceilings
- D) Enforcing labor and environmental standards

Question 8

According to the slides, what is one major critique of the WTO?

- A) It has too much influence over domestic tax policy
- B) Power imbalances favor developed countries in decision-making
- C) It completely ignores intellectual property rights
- D) It forces all countries to adopt the same currency

Question 9

What does the **Rybczynski Theorem** (from Week 3 materials, referenced in governance context) state about changes in factor endowments?

- A) An increase in a factor will increase output of both goods equally
- B) An increase in a factor will increase output of the good using that factor intensively and decrease output of the other good
- C) Factor endowments have no effect on production patterns
- D) Countries should specialize based only on absolute advantage

Question 10

What was the main finding of the **Leontief Paradox (1953)** ?

- A) The US exported capital-intensive goods as predicted by H-O theory
- B) The capital-abundant US exported labor-intensive goods and imported capital-intensive goods, contradicting H-O theory
- C) Technology differences explain all trade patterns
- D) Factor endowments are irrelevant for trade

Answer Key

- 1. A
- 2. B
- 3. B
- 4. B
- 5. B
- 6. C
- 7. B
- 8. B
- 9. B
- 10. B