30. The constant "A" in the gravity model of trade accounts for other factors that influence trade outside of GDP and distance, these factors can be:

A. Trade agreement
B. Similar institutions
C. Similar culture
D. All of the above.

31. According to the Heckscher-Ohlin model, a country has a comparative advantage in a good whose production is intensive in the factors that are abundantly available in that country.

A. True
B. False

32. The European Union (EU) is a more binding agreement than the North American Free Trade Agreement (NAFTA) because in the EU both G&S are allowed to fluctuate across all the countries, whereas in NAFTA only certain goods are allowed to flow.

A. True
B. False

33. When a country engages in trade with other countries and the price of a good drops due to a lower world price.

A. Domestic consumers lose; domestic producers win; society is better off
B. Domestic consumers lose; domestic producers win; society is worse off
C. Domestic consumers win; domestic producers lose; society is better off
D. Domestic consumers win; domestic producers lose; society is worse off

34. The Leontieff Paradox stipulates that as individuals are afraid they will get fired, they engage in unwanted savings, which in essence causes them to get fired.

A. ~~True~~
B. False

35. An ____________________ involves actually laying out money.

A. Implicit Cost
B. Impartial Cost
C. Explicit Cost
D. Sunk Cost

36. An ____________________ does not require an outlay of money, it is measured by the value in dollar terms of the benefits that are forgone.

A. Implicit Cost
B. Impartial Cost
C. Explicit Cost
D. Sunk Cost

37. In MC and MB analysis, the optimal point of production/consumption exists when:

A. MC≠MB
B. MC>MB
C. MC<MB
D. MC=MB