

CHAPTER 36 INTERNATIONAL SPECIALISATION

A decorative graphic consisting of a grid of circles. The top two rows each contain five yellow circles. The third row contains three yellow circles. The bottom row contains one blue circle. The circles are arranged in a staggered pattern, with the blue circle positioned at the bottom right of the grid.

Macroeconomics - year11

Agenda

Drive growth of monthly sales volume of purchases

- Multiple choice
- Essay

Be the most desirable brand



RECAP

1. **Specialisation:** occurs when a country focuses on producing products in which it is best at or is most efficient. This allows the country to achieve higher efficiency, productivity, and quality in its products.

Advantages:

- Increased Efficiency and Productivity
- Increased output
- Access to a Wider Variety of Goods
- Reputation Building

Disadvantages:

- Dependency on Imports/exports:
- Unemployment Risk
- Resource Depletion

RECAP

2. **Absolute advantage:** A country can produce a particular good or service more efficiently or using fewer resources than another country.
3. **Comparative Advantage:** Indicates that a country can produce goods at a lower opportunity cost compared to others, emphasizing efficiency in resource allocation.

RECAP

4. Difference Between International and Internal Trade:

Internal trade	International trade
<ul style="list-style-type: none">• Exchange goods and services within the country• Domestic demand• Same languages, culture and consumer behaviors• Absence of trade restrictions such as tariffs and quotas• The use of a common currency	<ul style="list-style-type: none">• Exchange goods and services between countries• World market demand• Different languages, culture and consumer behaviors• Subject to trade restrictions such as tariffs and quotas• The use of different currencies

Part1-Multiple choice

1. Which of the following statements about international specialisation is true?

- A) It leads to complete self-sufficiency
- B) It allows countries to focus on producing goods they are best at, improving trade efficiency
- C) It removes the need for trade agreements
- D) It always results in trade deficits

Part1-Multiple choice

1. Which of the following statements about international specialisation is true?

- A) It leads to complete self-sufficiency
- B) It allows countries to focus on producing goods they are best at, improving trade efficiency
- C) It removes the need for trade agreements
- D) It always results in trade deficits

Answer: B) It allows countries to focus on producing goods they are best at, improving trade efficiency

Part1-Multiple choice

2. Which of the following is a key benefit of international specialisation?

- A) Higher dependency on imports
- B) Reduced economic growth
- C) Increased efficiency and productivity
- D) A decline in trade opportunities

Part1-Multiple choice

2. Which of the following is a key benefit of international specialisation?

- A) Higher dependency on imports
- B) Reduced economic growth
- C) Increased efficiency and productivity
- D) A decline in trade opportunities

Answer: C) Increased efficiency and productivity

Part1-Multiple choice

3. A country has a comparative advantage in producing a good when:

- A) It produces more of the good than any other country
- B) It can produce the good at a lower opportunity cost than other countries
- C) It has the most advanced technology
- D) It produces the good with the most expensive resources

Part1-Multiple choice

3. A country has a comparative advantage in producing a good when:

- A) It produces more of the good than any other country
- B) It can produce the good at a lower opportunity cost than other countries
- C) It has the most advanced technology
- D) It produces the good with the most expensive resources

Answer: B) It can produce the good at a lower opportunity cost than other countries

Part1-Multiple choice

4. Which of the following is a possible disadvantage of international specialisation?

- A) Higher prices for consumers
- B) Over-reliance on specific industries
- C) Decreased efficiency in production
- D) A decline in global trade

Part1-Multiple choice

4. Which of the following is a possible disadvantage of international specialisation?

- A) Higher prices for consumers
- B) Over-reliance on specific industries
- C) Decreased efficiency in production
- D) A decline in global trade

Answer: B) Over-reliance on specific industries

Part1-Multiple choice

5. Why might a country choose not to specialise in a particular industry?

- A) To increase its dependence on imported goods
- B) To avoid the risk of economic vulnerability if demand for that industry declines
- C) To reduce the variety of goods produced
- D) To eliminate international trade completely

Part1-Multiple choice

5. Why might a country choose not to specialise in a particular industry?

- A) To increase its dependence on imported goods
- B) To avoid the risk of economic vulnerability if demand for that industry declines
- C) To reduce the variety of goods produced
- D) To eliminate international trade completely

Answer: B) To avoid the risk of economic vulnerability if demand for that industry declines

Part2-Essay

- 1 (a) Define the term specialisation [2]
- 2 (b) Explain two benefits to firms from specialising in production.[4]
- 3 (b) Explain two differences between international and internal trade[4]**
- 4 (d) Discuss whether or not a rise in international trade can generate economic growth. [8]**

Part2-Essay

3 (b) Explain two differences between international and internal trade[4]

Part2-Essay

3 (b) Explain two differences between international and internal trade[4]

Internal trade	International trade
<ul style="list-style-type: none">• Exchange goods and services within the country• Domestic demand• Same languages, culture and consumer behaviors• Absence of trade restrictions such as tariffs and quotas• The use of a common currency	<ul style="list-style-type: none">• Exchange goods and services between countries• World market demand• Different languages, culture and consumer behaviors• Subject to trade restrictions such as tariffs and quotas• The use of different currencies

Part2-Essay

4 (d) Discuss whether or not a rise in international trade can generate economic growth. [8]

Part2-Essay

4 (d) Discuss whether or not a rise in international trade can generate economic growth. [8]

The End

