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SKU: 9781138945654-TEST-BANK

Chapter 2
Managing the Global Economy since World War II: The Institutional Framework

Multiple-Choice

1) States in the mercantilist period

a) increased their technology exports.
b) emphasized industrialization as a means of gaining wealth.
c) helped establish territorial unification and state authority.
d) viewed free trade as serving their interests.

Answer: c; Page 19

2) The 1944 Bretton Woods Conference resulted in the formation of the

a) UNCTAD.
b) OECD.
c) GATT.
d) IBRD.

Answer: d; Page 17

3) An example of a weighted voting institution is the

a) UNCTAD.
b) IMF.
c) WTO.
d) OECD.

Answer: b; Page 23

4) Britain shifted to free trade policies in the 1830s-40s to

a) promote industrialization on the European continent.
b) increase its agricultural exports.
c) strengthen the Cobden-Chevalier Treaty with France. .
d) increase its industrial exports.

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Answer: d; Page 19

5) World Bank presidents have been

a) only Americans
b) only Americans and Europeans
c) only Europeans
d) Americans, Asians, and Europeans

Answer: a; Page 26

6) GATT

a) became the main global trade organization after the ITO had functioned for only a few years.
b) was comparable to the IMF and World Bank.
c) was originally designed to be temporary.
d) was formed at Bretton Woods.

Answer: c; Page 22

7) Hegemonic stability theorists argue that in the interwar period

a) the United States was not yet willing to be the global hegemon.
b) the United States was beginning to act as the global hegemon.
c) Britain's power was declining but it was still the global hegemon.
d) the United States was not yet able to be the global hegemon.

Answer: a; Page 21

8) Which of the following has been the most informal?

a) GATT
b) OECD
c) UNCTAD
d) IMF

Answer: a; Page 22

9) The human development index is sometimes used today to measure development because it

a) is a better predictor of the future than the per capita GDP.
b) includes a measure of life expectancy.
c) includes the purchasing power parity.
d) includes a measure of political as well as economic well-being.

Answer: b; Page 32

10) The G7/G8 has performed well in

a) negotiating agreements.
b) regulating international capital flows.
c) dealing with the issue of debt relief for LDCs.
d) enforcing decisions.

Answer: c; Page 31

11) A country that was *not* a founding member of the IMF and World Bank was

a) Yugoslavia
b) Czechoslovakia
c) Poland
d) Hungary

Answer: d; Page 40

12) Judging by their actions, most civil society organizations are

a) reformist.
b) transformist.
c) conformist.
d) rejectionist.

Answer: c; Page 43

13) The main informal group dealing with global economic issues is the

a) G77.
b) G8.

c) G20.
d) G7.

Answer: c; Page 31

14) The functions of the World Bank evolved in response to

a) the creation of the European Recovery Program.
b) the competitive devaluation of currencies.
c) the increase in protectionism.
d) the shift to floating exchange rates.

Answer: a; Page 22

15) The G20 has become more important today primarily because

a) the breakup of the Soviet bloc has expanded the reach of the capitalist global economy.
b) the emerging economies now have more influence.
c) globalization has spread to more countries.
d) democratization has become a more important force in the world.

Answer: b; Page 31

True-False

1) Britain was the largest industrial power until the end of World War I when the United States took over that position.

Answer: False; Page 20

2) The United States, Japan, Germany, Britain, and France (the G5) are the 5 countries with the most votes in the World Bank today.

Answer: False; Page 26

3) The GATT was not formed at the Bretton Woods Conference

Answer: True; Page 17

4) The KIEOs (the IMF, World Bank, and WTO) are all specialized agencies of the United Nations.

Answer: False; Pages 22-23

5) Purchasing power parity (PPP) based exchange rates do not take account of income inequalities.

Answer: True; Page 32

6) The G77 has become more important than the G7/G8 in dealing with problems affecting the global economy.

Answer: False; Page 38

7) All Directors-General of the WTO have been from developed countries.

Answer: False; Page 26

Fill in the Blank

1) In 1930 the U.S. Congress passed the _____, which increased U.S. tariffs to their highest level in the twentieth century.

Answer: Smoot-Hawley tariff; Page 20

2) In 1846 Britain repealed its _____, which opened its market to agricultural imports and ushered in a period of free trade.

Answer: Corn Laws; Page 19

3) In 1860 Britain and France signed the _____, which produced a network of trade agreements lowering tariffs throughout Europe.

Answer: Cobden-Chevalier Treaty; Page 19

4) In 1964 LDCs expressed their dissatisfaction with the KIEOs by forming the .

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Answer: Group of 77 (G77); Page 38

5) In 1934 the U.S. Congress passed the _____, which delegated tariff-setting authority to the President.

Answer: Reciprocal Trade Agreements Act; Page 21

6) The first international financial organization, the _____, was established in Basle, Switzerland in 1930.

Answer: Bank for International Settlements; Page 21

7) The_____is an international economic organization of 34 mainly DC members that usually operates through a system of mutual persuasion.

Answer: Organization for Economic Cooperation and Development (OECD); Pages 28-29

Essay

1) What are the KIEOs? What problems have they confronted, and how have they adapted and changed over time?

Pages 21-22

2) Describe OPEC, the NIEs, and the BRIC economies, and discuss how they present a challenge to the dominance of the North.

Pages 23 and 26

3) What is the human development index (HDI) and what are its strengths and shortcomings? What is the IHDI?

Pages 32-37

4) In what ways were the IMF, World Bank, and GATT designed to prevent the economic problems that resulted in the Great Depression and World War II?

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Pages 21-22

5) Who are the members of the G7/G8, and in what ways is it an informal grouping? Why do you think it was not established as a more formal organization? Is Russia an active member of the group?

Pages 29-31

6) What functions does the OECD perform, how does it operate, and how has its membership changed over time?

Pages 28-29

7) What are the advantages of using PPP-adjusted GDP figures, and what are its shortcomings? What is the Gini coefficient?

Page 32

8) What is the World Economic Forum? How does it contribute to a blurring of lines between "public" and "private" in the global political economy?

Page 42

9) What are civil society groups, how do they differ in their goals and tactics, and which type of civil society group is the most common?

Page 43

10) What is the resource curse, and does it apply to all countries that are rich in natural resources?

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