

Test Bank for *Global Political Economy: Theory and Practice*, 8th edition

Chapter 2

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

Multiple-Choice

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

- a) UNCTAD
- b) OECD
- c) GATT
- d) IBRD
- e) all of the above

Answer: d; Page 17

2) States in the mercantilist period

- a) increased their technology exports.
- b) emphasized the free flow of finance.
- c) helped establish territorial unification and state authority.
- d) viewed free trade as serving their interests.

Answer: c; Pages 18-19

5) An example of a weighted voting institution is the

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

Answer: b; Page 23

6) GATT

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- a) set its headquarters up in Geneva.
- 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 functions of the World Bank evolved in response to

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

Answer: a; Page 22

10) OPEC, the oil producers' cartel, was formed in what decade?

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- a) 1950s
- b) 1960s
- c) 1970s
- d) 1980s

Answer: b; Page 23

11) Which of the following countries is *not* a member of the OECD?

- a) China
- b) Japan
- c) Latvia
- d) Canada

Answer: a; p. 27

12) The largest active informal group dealing with global economic issues is the

- a) G77.
- b) G8.
- c) G20.
- d) G7.

Answer: c; Page 30

13) 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 30

14) Purchasing Power Parity adjusts the size of economies by what variable?

- a) interest rates
- b) prices
- c) debt burden
- d) per capita income

Answer: b; Page 32

15) 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 quality of life measures of social well being.
- c) includes the purchasing power parity.
- d) includes a measure of political as well as economic well-being.

Answer: b; Page 33

16) The World Economic Forum primary membership includes:

- a) national governments
- b) civil society organizations
- c) global companies
- d) representatives of global citizens

Answer: c; Page 39

True-False

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

Answer: True; Page 17

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

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Answer: False; Page 20

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

Answer: False; Pages 22-23

4) Most analysts can ascribe the nature of globalization to the ability of the KIEOs to control the flows of trade and finance.

Answer: False; Page 26

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; Pages 37-38

7) The UNCTAD primarily represents developed country (the North) interests.

Answer: False; Page 37

Fill in the Blank

1) 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

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

Answer: Cobden-Chevalier Treaty; Page 19