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1. When is China's economy expected to surpass that of the United States?
 - a. It already did in 2001.
 - b. It already did in 2012.
 - c. In 2020
 - d. In 2050
2. How much has China's economy grown since 1980?
 - a. Three percent
 - b. Five percent
 - c. Seven percent
 - d. Ten percent
3. Of which organization did China become a member state in 2001?
 - a. NATO
 - b. The EU
 - c. The WTO
 - d. NAFTA
4. Which Chinese leader recognized that market forces were needed to foster economic growth in China?
 - a. Mao Zedong
 - b. Deng Xiaoping
 - c. Chiang Kai-shek
 - d. Sun Yat-sen
5. Why didn't global firms reject China's demand for investing in Chinese companies when China wanted to move up the value chain?
 - a. Because they wanted China to remain a closed economy
 - b. In order to take advantage of China's cheap labor force
 - c. So that China would buy billions of dollars' worth of U.S. government bonds that fund the U.S. budget deficit
 - d. So that China could continue taking advantage of the currency market
6. China has accumulated approximately how many U.S. dollars in its foreign currency reserves?
 - a. Approximately 400 million
 - b. More than 40 billion
 - c. Approximately 75 billion
 - d. More than 3 trillion
7. How can the international political economy be defined?
 - a. IPE is the shorthand for all international organizations, such as the International Monetary Fund and the World Bank, that direct international investments.
 - b. IPE is the comparative advantage that industrialized nations have over agriculturally-based nations.
 - c. IPE is the two-way relationship between international politics and international economy.

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- d. IPE is the combination of domestic fiscal and monetary policies developed by sovereign states.
8. The rise in the amount of cross-border movements of goods, money, people, and ideas is known as which of the following?
- a. Globalization
 - b. International political economy
 - c. Comparative advantage
 - d. The balance of trade
9. What does the theory of comparative advantage illustrate?
- a. That specialization can lead to a rise in poverty among many groups of people
 - b. That specialization can lead to an increase in overall consumption and efficiency
 - c. That specialization can lead to greater equality among all people
 - d. That specialization can lead to the rise of powerful international organizations
10. Who developed the theory of comparative advantage?
- a. Harold Lasswell
 - b. Ben Bernanke
 - c. David Ricardo
 - d. John Maynard Keynes
11. Which of the following countries are among the world's largest oil exporters?
- a. Saudi Arabia and Russia
 - b. Russia and Sudan
 - c. Iraq and Trinidad and Tobago
 - d. Iran and the United States
12. Approximately what percentage of the clothing sold in the United States is manufactured elsewhere?
- a. 35 percent
 - b. 50 percent
 - c. 75 percent
 - d. 98 percent
13. If two countries implement the policies called for by the theory of comparative advantage, what will happen?
- a. One country will be able to outproduce, and sell more, than the other country.
 - b. Production will increase in one country, while consumption will decrease in the other.
 - c. Consumption will drop in both countries while production will remain constant.
 - d. Consumption will increase in both countries.
14. The theory of comparative advantage has been closely associated with which theory of international relations?
- a. Realism
 - b. Economic structuralism

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- c. Liberalism
- d. Feminism

15. Why are liberalism and comparative advantage closely associated?
- a. Because both argue that while some states may gain, other states stand to lose
 - b. Because both argue that when states cooperate, both can benefit simultaneously
 - c. Because both argue that mutual benefits are very difficult to achieve
 - d. Because both argue that conflict eventually results from direct competition
16. In contrast to the liberal emphasis on cooperation, realism highlights the situation in which one side can gain only at the expense of another. What is this relationship called?
- a. A first-past the post game
 - b. A prisoner's dilemma
 - c. A positive-sum game
 - d. A zero-sum game
17. In economic terms, what is the balance of trade?
- a. Total exports plus total imports
 - b. Total imports minus total exports
 - c. Total exports minus total debt
 - d. Total exports minus total imports
18. What does it mean when a country's trade balance is zero?
- a. It means that no foreign countries wish to purchase its exports.
 - b. It means that the country is exporting more than it is importing.
 - c. It means that the economy is importing exactly as much as it exports.
 - d. It means that countries that owe the country money for its exports still need to pay up.
19. What would you expect to find in a country with a trade deficit?
- a. High unemployment and lower wages
 - b. Higher prices
 - c. The value of its currency will increase
 - d. A domestic monopoly on consumer goods
20. What would you expect to find in a country with a trade surplus?
- a. Higher prices
 - b. Lower prices
 - c. A damaged economy
 - d. Increased employment and higher wages
21. What type of currency is relatively expensive for others to buy, and other currencies are cheap in comparison to it?
- a. A weak currency

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- b. A strong currency
 - c. A mixed currency
 - d. A fluctuating currency
22. What results when the dollar decreases in value against the euro?
- a. The price of goods from Europe is less expensive for American consumers.
 - b. The price of goods from Europe remains the same.
 - c. The price of goods from Europe is more expensive for American consumers.
 - d. The price of goods from Europe is expensive for some imports and less expensive for others.
23. What do trade and interest rates both influence?
- a. Trade deficits
 - b. Comparative advantage
 - c. Exchange rates
 - d. Subsidies
24. What would an American manufacturer with American customers competing with imported goods benefit from?
- a. A strong American dollar
 - b. A weak American dollar
 - c. Neither a weak or strong American dollar. Exchange rates do not affect manufacturers.
 - d. A stable American dollar
25. What kind of a foreign exchange condition benefits the domestic producer, but hurts the foreign exporter?
- a. A strong currency
 - b. A weak currency
 - c. A fluctuating currency
 - d. A mixed currency
26. What is one effect of a weak currency for the domestic economy?
- a. Consumers will purchase fewer foreign goods and more domestic goods.
 - b. The price of domestically produced goods will increase and consumers will purchase more foreign goods.
 - c. Foreign producers will flood the domestic market with goods.
 - d. Overall trade will decline as consumers decrease both domestic and foreign purchases.
27. Why might states manipulate the price of their currency downward?
- a. In order to increase their trade deficit
 - b. In order to encourage emigration
 - c. In order to boost their trade surplus
 - d. In order to import more foreign goods
28. Which of the following would result in a devalued currency?

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- a. Lowering interest rates
 - b. Increasing interest rates
 - c. Buying reserves of your own currency
 - d. Exporting more products that you import
29. Why does the U.S. government want China to allow its currency to increase in value?
- a. In order raise the value of the U.S. dollar
 - b. In order to help moderate the American trade deficit with China
 - c. In order to lower American interest rates
 - d. In order for China to create competitive devaluation
30. What effects would revaluing the Chinese yuan have?
- a. Make Chinese exports more competitive in foreign markets
 - b. Decrease employment in China
 - c. Increase profits for Chinese exporters
 - d. Decrease the prices of Chinese exports
31. When did competitive devaluation occur?
- a. During the Great Depression
 - b. During the Vietnam War
 - c. During the economic downturn of 2008
 - d. During the 1990s
32. What do developing countries blame for their inability to compete more successfully in the global marketplace?
- a. Subsidies to farmers in the United States and Europe
 - b. Grants to farmers in the United States and Europe
 - c. Regulations on farmers in the United States and Europe
 - d. Tariffs on farmers in the United States and Europe
33. While quotas hurt consumers, who/what do they help?
- a. Domestic producers
 - b. Producers in other countries
 - c. The government
 - d. Innovation
34. What is the fundamental goal of protectionism?
- a. To protect domestic producers against competition from foreign firms
 - b. To bring about a balance of trade deficit
 - c. To weaken the national currency
 - d. To promote greater integration into the global economy

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35. What is a subsidy?
- a. A limit on the number of goods that are imported
 - b. A tax on imports
 - c. A direct payment to the producers of goods to help them remain profitable
 - d. A foreign aid program directed at developing countries
36. What is a quota?
- a. A tax placed on imported goods
 - b. A direct payment made to the producers of goods to help them remain profitable
 - c. A numerical limit placed on the amount of a certain item that can be imported
 - d. A regulation based on environmental concerns
37. When the European Union places restrictions on genetically modified crops because of the EU's concern for health, the U.S. government considers this policy, which of the following?
- a. A subsidy
 - b. A quota
 - c. Protectionism
 - d. Competitive devaluation
38. According to liberals, what is the root cause of poverty?
- a. Too much free trade
 - b. Not enough free trade
 - c. A heavy reliance on fair trade
 - d. The extension of economic globalization
39. What do economic structuralists believe about the gap between the rich and the poor?
- a. That the gap between rich and poor is not a problem
 - b. That the gap between rich and poor will narrow
 - c. That the gap between rich and poor will widen
 - d. That the gap between rich and poor will remain the same
40. Neomercantilism includes all but one of the following principles. Which is not correct?
- a. Focus on state goals
 - b. Concern with the distribution of the gains from trade
 - c. Focus on the benefits of trade
 - d. Emphasis on the conflictual nature of trade
41. Realist analysis of IPE deals with the interests of which of the following?
- a. The individual, and not with the interests of corporations within a country
 - b. The state, and not with the interests of individuals within the state or with economic efficiency
 - c. Owners of the means of production, as opposed to the workers in the factories

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- d. Transnational corporations and multinational conglomerates
42. Which of the following describes the realists' problem of relative gains?
- a. A situation where, even if both sides gain, the side that gains more may increase its power over the side that gains less
 - b. A situation where both sides may gain, which would lead to a mutual increase in state power
 - c. A situation where both sides are negatively affected by trade and in a position to lose power
 - d. A situation where the efficiency of trade benefits becomes more important than the distribution of benefits
43. Economic structuralists examine international trade from the perspective of the distribution of benefits to which of the following?
- a. States
 - b. Classes
 - c. Individuals
 - d. Corporations
44. In contrast to the liberal view in which economic inequalities between wealthy and poor states will lessen over time, what do economic structuralists argue?
- a. That the gap in wealth will increase until there is a rise in trade and then the gap will decrease
 - b. That this inequality is a result of the balance of power
 - c. That this economic disparity will widen over time
 - d. That the gap in wealth is only temporary
45. Which theory makes the argument that economic disparities, once established, will be self-perpetuating?
- a. Mercantilism
 - b. Liberalism
 - c. Feminism
 - d. Economic structuralism
46. What is the key difference between the constructivist approach to the international political economy and the other theories?
- a. The assumption that power remains central to an understanding of the global economy
 - b. The assumption that states' goals and policies continuously change
 - c. The assumption that economic growth and development will be achieved over time
 - d. The assumption that individuals are still able to improve their economic positions
47. What does embedded liberalism refer to?
- a. The dilemma in which free trade may be beneficial but it could lead to an intrusive and abusive state
 - b. The dilemma in which the realist view of mercantilism should be softened with a more constructivist approach
 - c. The dilemma in which free trade is widely accepted yet the outcome of free trade could be disruptive and thus governments need to be cautious
 - d. The dilemma in which liberalism is essentially embedded into the framework of the government structure

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48. What was the theoretical contribution of the post-2008 economic crisis?
- It strengthened the arguments of liberals.
 - It strengthened the views of economic structuralists.
 - It contributed to the view that economies function best when governments are least involved.
 - It contributed to the view that state intervention is important and markets left to themselves will induce crisis.
49. What was the name of Franklin Roosevelt's program to resolve economic problems during the Great Depression?
- The Fair Deal
 - The Square Deal
 - The New Deal
 - The Raw Deal
50. Which of the following was not a policy enacted by Roosevelt to deal with the Great Depression?
- Passage of the Smoot-Hawley Tariff Act
 - Borrowing vast sums of money and spending it on public works projects
 - Introduction of the Social Security system
 - Increasing the powers of the labor unions in America
51. During the Great Depression in the United States, how much did gross domestic product (GDP) decrease?
- 20 percent
 - 30 percent
 - 50 percent
 - 65 percent
52. What term refers to the reduction of the general level of prices in an economy?
- Devaluation
 - Depression
 - Depreciation
 - Deflation
53. According to the feminist approach, which of the following can be said about the informal work done by women in housework and in raising children?
- That it has been undervalued and ignored by traditional theories of international political economy (IPE)
 - That it has been included by some of the traditional theories
 - That it is not of sufficient importance to merit a significant inclusion in IPE theories
 - That it should be given a monetary value and women should be compensated for it
54. What does the economic data on the gender differences of income in the developed countries illustrate?
- That the disparity is not that great
 - That the differences are getting less significant
 - That men earn significantly more than women

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- d. That since 2004 women earn significantly more than men
55. What has the United Nations Development Program found when looking at women and education?
- a. That when women are educated and earn income, they are more likely to be exploited
 - b. That when women are educated and earn income, their children are more likely to have a higher life expectancy
 - c. That when women are educated and earn income, their children are likely to have a lower life expectancy
 - d. That when women are educated and earn income, gender inequities widen or increase
56. In India, among children aged 1–5, how much more likely is it that a girl will die than a boy?
- a. 20 percent
 - b. 35 percent
 - c. 50 percent
 - d. 100 percent
57. What is the practice of providing access to small amounts of credit to women entrepreneurs in developing countries called?
- a. International borrowing
 - b. Microlending
 - c. Creative financing
 - d. Small business loans
58. Among the theories of IPE, which values augmentation in state power, domestic employment, and self-sufficiency?
- a. Liberalism
 - b. Realism
 - c. Constructivism
 - d. Economic Structuralism
59. Which of the following do economic structuralism and liberalism agree on?
- a. That free markets, if left to themselves, reduce economic inequalities
 - b. That international trade is a zero-sum game
 - c. That substate actors, such as corporations and economic classes, are important
 - d. That distributive issues related to trade are a major issue
60. The type of game in which actors have incentives that may overlap or contradict their partners is known as which of the following?
- a. A cost-benefit analysis
 - b. A positive-sum game
 - c. A rational action game
 - d. A mixed-motive game
61. The theory of comparative advantage has been an important concept in international politics for several centuries.

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What is the basic argument of this theory? What are its main assumptions? In what way does it explain the rise of efficiency between two countries?

62. Why might U.S. citizens be concerned with the U.S.-Chinese trade relationship? How can the United States obtain greater leverage over the Chinese in this relationship? Have recent moves by the United States been effective?
63. Exchange rates are critical to a country's economic position. Why do exchange rates matter? In what ways do they affect a country's economy?
64. Discuss the various types of protectionist measures. Who ultimately benefits from these measures and who suffers the cost?
65. In what terms do the main theories of international relations discuss the balance of trade? What is each theory most concerned about when it comes to trade?
66. What is the feminist critique of the traditional theories of the international political economy? What does the feminist perspective argue about how women should be viewed as agents of development?
67. Why do feminists argue that the costs of globalization are unevenly distributed? Make sure to focus on more than just the "wage gap" in your analysis.
68. What is the balance of trade? Why is it important? How does it affect domestic politics?
69. How does currency manipulation hurt the international economic system? If a certain country is engaged in competitive devaluation, what problems might that imply for their foreign trading partners? How might this currency manipulation also hurt the domestic market?
70. Compare and contrast the key approaches to IPE. Which key issues do the approaches agree, on which do they disagree? Which approach do you believe best describes the real world? Why?