Student name:\_\_\_\_\_\_\_\_\_\_

**1)** What is a multinational corporation? Why would a company want to be a multinational corporation?

**Question Details**Accessibility : Keyboard Navigation  
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Topic : Introduction  
Bloom's : Understand  
null : Level of Difficulty: 2 Medium

**2)** List the important economic developments that have occurred because of the North American Free Trade Agreement (NAFTA).

**Question Details**Accessibility : Keyboard Navigation  
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Topic : Globalization and Internationalization  
Bloom's : Understand  
null : Level of Difficulty: 2 Medium

**3)** In the context of global economic systems, explain a market economy.

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Learning Objective : 01-02 REVIEW the major trends in global and regional integration.  
Topic : Global Economic Systems  
Bloom's : Understand  
null : Level of Difficulty: 2 Medium

**4)** Describe how the European Union (EU) has made significant progress over the past two decades in becoming a unified market.

**Question Details**Accessibility : Keyboard Navigation  
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Bloom's : Understand  
null : Level of Difficulty: 2 Medium

**5)** Discuss the factors that contributed to Japan's phenomenal economic success.

**Question Details**Accessibility : Keyboard Navigation  
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Topic : Economic Performance and Issues of Major Regions  
Bloom's : Understand  
null : Level of Difficulty: 2 Medium

**6)** Which of the following terms is defined as the process of social, political, economic, cultural, and technological integration among countries around the world?

A) Internationalization   
 B) Offshoring  
 C) Globalization  
 D) Outsourcing

**Question Details**Accessibility : Keyboard Navigation  
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null : Level of Difficulty: 1 Easy  
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**7)** \_\_\_\_\_ is the process of applying management concepts and techniques in a multinational environment and adapting management practices to different economic, political, and cultural environments.

A) Strategic management   
 B) Internationalization  
 C) Globalization  
 D) International management

**Question Details**Accessibility : Keyboard Navigation  
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**8)** To qualify as a multinational corporation (MNC), a firm must meet all of the following criteria except:

A) operations in more than one country.   
 B) international sales.  
 C) a mix of nationalities among managers and owners.  
 D) sales of at least one million dollars per year.

**Question Details**Accessibility : Keyboard Navigation  
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**9)** Critics of globalization believe that:

A) the offshoring of business services jobs to lower-wage countries inherently creates greater opportunities at home.   
 B) growing trade deficits and slow wage growth are damaging economies.  
 C) when production moves to countries to take advantage of less-regulated environments, an upward pressure is created on wages and working conditions.  
 D) the main winners of globalization are the low-wage workers.

**Question Details**Accessibility : Keyboard Navigation  
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null : Level of Difficulty: 2 Medium

**10)** The subcontracting or contracting out of activities to external organizations that had previously been performed by a firm is called \_\_\_\_\_.

A) homesourcing   
 B) insourcing  
 C) offshoring  
 D) outsourcing

**Question Details**Accessibility : Keyboard Navigation  
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null : Level of Difficulty: 2 Medium

**11)** \_\_\_\_\_ is the process by which companies undertake some activities at offshore locations instead of in their countries of origin.

A) Homesourcing   
 B) Insourcing  
 C) Offshoring  
 D) Globalization

**Question Details**Accessibility : Keyboard Navigation  
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**12)** The \_\_\_\_\_ is the global organization of countries that oversees rules and regulations for international trade and investment, including agriculture, intellectual property, services, competition, and subsidies.

A) WTO   
 B) NAFTA  
 C) WIPO  
 D) ITO

**Question Details**Accessibility : Keyboard Navigation  
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**13)** The \_\_\_\_\_ is a free-trade agreement among the United States, Canada, and Mexico that has removed most barriers to trade and investment.

A) AFTA   
 B) EFTA  
 C) CAFTA  
 D) NAFTA

**Question Details**Accessibility : Keyboard Navigation  
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**14)** Identify a true statement about the Development Round in which the members of the World Trade Organization (WTO) met and launched a round of negotiations at Doha, Qatar in November 2011.

A) The WTO members agreed upon the opening of government procurement markets to companies in the developed nations.   
 B) There was a lack of consensus among WTO members regarding agricultural subsidies.  
 C) There was a lack of consensus among WTO members regarding unbalanced population pyramids.  
 D) The WTO members agreed upon the issues of competition.

**Question Details**Accessibility : Keyboard Navigation  
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null : Level of Difficulty: 2 Medium

**15)** The United States, Canada, and Mexico make up the \_\_\_\_\_, which in essence has removed all barriers to trade among these countries and created a huge North American market.

A) General Agreement on Tariffs and Trade   
 B) North American Common Market  
 C) North American Free Trade Agreement  
 D) North American Trade Union

**Question Details**Accessibility : Keyboard Navigation  
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Bloom's : Remember  
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null : Level of Difficulty: 1 Easy  
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**16)** Agreements like NAFTA and CAFTA:

A) not only reduce barriers to trade but also require additional domestic legal and business reforms in developing nations to protect property rights.   
 B) do not include supplemental commitments like the FTAA does on labor and the environment to encourage countries to upgrade their working conditions and environmental protections.  
 C) rely exclusively on MNCs exporting or setting up operations locally rather than buying out a domestic firm.  
 D) provide firms with enough security so they cannot go out of business, which simply encourages a lack of efficiency or incentive to monitor costs.

**Question Details**Accessibility : Keyboard Navigation  
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**17)** In the context of the changing global demographics, identify a change that will be seen in developed nations.

A) Developed Asian nations will be able to easily replace the retiring, aging population.   
 B) In Japan, the number of nonworkers will be nearly equal to that of workers by 2050.  
 C) In South Korea, the immigration policy will ease by 2050.  
 D) In Germany, there will be a removal of restrictions on agricultural products, auto parts, and energy goods.

**Question Details**Accessibility : Keyboard Navigation  
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**18)** According to some critics, agreements like North American Free Trade Agreement (NAFTA) and Central American Free Trade Agreement (CAFTA):

A) have been successful in ensuring environmental standards.   
 B) have been successful in preventing the decline of the global working-age population.  
 C) do not go far enough in ensuring worker rights.  
 D) do not go far enough in protecting property rights.

**Question Details**Accessibility : Keyboard Navigation  
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**19)** The Asian economic block, made up of Indonesia, Malaysia, the Philippines, Singapore, Brunei, Thailand, Cambodia, Myanmar, and Vietnam, is referred to as the:

A) Association of Southeast Asian Nations (ASEAN).   
 B) Southeast Asia Free Trade Agreement (SWAFTA).  
 C) Southeast Asia Common Market.  
 D) Asian Economic Union.

**Question Details**Accessibility : Keyboard Navigation  
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**20)** A method that adjusts GDP to account for different prices in countries is called:

A) cumulative distribution function.   
 B) nominal GDP.  
 C) current currency exchange rate.  
 D) purchasing power parity.

**Question Details**Accessibility : Keyboard Navigation  
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**21)** Unlike the Group of Seven (G7) economies, the Emerging Seven (E7) economies are:

A) primarily located in North America and Europe.   
 B) located throughout Latin America and Asia.  
 C) mature economies in which economic growth is slow.  
 D) incentivizing citizens to have more children.

**Question Details**Accessibility : Keyboard Navigation  
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**22)** Which of the following statements is true according to the reports that were released by Goldman Sachs in the early 2000s?

A) The economies of Russia and Brazil would remain unaffected by the low prices for oil and other commodities in the years 2015 and 2016.   
 B) The BRIC (Brazil, Russia, India, and China) economies' share of world growth could rise significantly from 2003 to 2025.  
 C) The economies of Indonesia, Mexico, and Turkey could expand significantly in the coming decades.  
 D) The E7 (Brazil, China, India, Indonesia, Mexico, Russia, and Turkey) economies would mature and slowdown in terms of market exchange rates.

**Question Details**Accessibility : Keyboard Navigation  
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null : Level of Difficulty: 2 Medium

**23)** \_\_\_\_\_ is the term used to indicate the amount invested in property, plant, and equipment in another country.

A) Exporting   
 B) Foreign direct investment  
 C) Importing  
 D) Trade imperfection

**Question Details**Accessibility : Keyboard Navigation  
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**24)** According to the World Trade Organization, in 2017 merchandise exports:

A) reached $17.5 trillion.   
 B) declined for the first time since 1983.  
 C) remained fairly consistent.  
 D) decreased by almost 50 percent.

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null : Level of Difficulty: 2 Medium

**25)** Which of the following is a "flattener" identified by Thomas Friedman in his book *The* *World* *Is* *Flat*?

A) The fall of the Berlin Wall   
 B) The introduction of the euro  
 C) The handover of Hong Kong to China by Britain  
 D) The development of the Global Positioning System (GPS)

**Question Details**Accessibility : Keyboard Navigation  
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**26)** The Trans-Pacific Partnership (TPP) is a trade agreement among 12 Pacific Rim countries, including:

A) Peru, the United States, and Vietnam.   
 B) Great Britain, New Zealand, and China.  
 C) India, Canada, and Australia.  
 D) Singapore, Russia, and Chile.

**Question Details**Accessibility : Keyboard Navigation  
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**27)** Which of the following economies is projected to become the largest by 2050 using market exchange rates?

A) China   
 B) India  
 C) Australia  
 D) Brazil

**Question Details**Accessibility : Keyboard Navigation  
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**28)** A \_\_\_\_\_ is comparable to a monopoly in the sense that an organization, in this case the government, has explicit control over the price and supply of a good or service.

A) command economy   
 B) market economy  
 C) mixed economy  
 D) socialist economy

**Question Details**Accessibility : Keyboard Navigation  
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Topic : Global Economic Systems

**29)** Identify a characteristic of a market economy.

A) The state reserves the right to monitor the production and distribution of goods and services.   
 B) Private enterprises reserve the right to own property.  
 C) Monopolies boost economic growth.  
 D) Competition is discouraged because it hinders penetration into niche markets.

**Question Details**Accessibility : Keyboard Navigation  
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**30)** Unlike a market economy, a command economy is characterized by:

A) private ownership of businesses.   
 B) an appropriate response to consumers' stated needs and desires.  
 C) insufficient security provided by government subsidies.  
 D) an ignorance of demographic information by management.

**Question Details**Accessibility : Keyboard Navigation  
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**31)** A \_\_\_\_\_ exists when private enterprise reserves the right to own property and monitor the production and distribution of goods and services while the state simply supports competition and efficient practices.

A) command economy   
 B) market economy  
 C) mixed economy  
 D) socialist economy

**Question Details**Accessibility : Keyboard Navigation  
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Topic : Global Economic Systems

**32)** The challenge for the future of the European Union is to:

A) have common custom duties.   
 B) have unified industrial and commercial policies.  
 C) be able to manufacture high-quality, low-cost goods.  
 D) absorb its eastern neighbors.

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null : Level of Difficulty: 2 Medium

**33)** \_\_\_\_\_ is the United States' largest trading partner, a position it has held for many years.

A) England   
 B) Canada  
 C) Japan  
 D) Mexico

**Question Details**Accessibility : Keyboard Navigation  
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**34)** After becoming part of the North American Free Trade Agreement (NAFTA) in 1994, Mexico \_\_\_\_\_.

A) became the major economic power in Latin America   
 B) was able to take advantage of the U.S. market  
 C) experienced a tremendous increase in transportation costs  
 D) experienced a significant increase in labor costs

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**35)** In the context of established economies, the United States has considerable foreign direct investment in \_\_\_\_\_.

A) the Netherlands   
 B) Mexico  
 C) the United Kingdom  
 D) Canada

**Question Details**Accessibility : Keyboard Navigation  
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**36)** Which of the following statements is true of the economic system of North America?

A) The free-market-based economy of this region allows considerable freedom in decision-making processes of private firms.   
 B) The command economy of this region allows for high flexibility with decisions and low barriers for other countries to establish business.  
 C) The free-market-based economy of this region results in low trade barriers when attempting to move into other countries.  
 D) The command economy of this region allows competition to strive while the government can extend assistance to individuals or companies.

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**37)** By the early 1990s \_\_\_\_\_ had recovered from its economic problems of the previous decade and had become the strongest economy in Latin America.

A) Brazil   
 B) Argentina  
 C) Mexico  
 D) Chile

**Question Details**Accessibility : Keyboard Navigation  
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**38)** U.S. firms maintain particularly dominant global positions in all of the following industries except:

A) telecommunications.   
 B) biotechnology.  
 C) media.  
 D) textiles.

**Question Details**Accessibility : Keyboard Navigation  
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**39)** A factory, the majority of which are located in Mexican border towns, that imports materials and equipment on a duty- and tariff-free basis for assembly or manufacturing and re-export is referred to as \_\_\_\_\_.

A) a vertically integrated corporation   
 B) a keiretsu  
 C) a maquiladora  
 D) a governmental agency

**Question Details**Accessibility : Keyboard Navigation  
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**40)** In the context of established economies, which of the following observations about NAFTA is incorrect?

A) Mexican businesses are able to take advantage of the U.S. market by producing goods for that market that were previously purchased from Asia.   
 B) Mexican firms are now able to produce products at highly competitive prices thanks to lower-cost labor and proximity to the American market.  
 C) Mexican firms can now export goods into the European community only by paying a heavy tariff.  
 D) Mexico's trade with Asia is on the rise, which is important to the country as it wants to reduce its overreliance on the U.S. market.

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**41)** A major development in South America is:

A) the implementation of a single currency and a regional central bank.   
 B) the growth of intercountry trade, spurred on by the progress toward free-market policies.  
 C) the privatization of traditionally nationalized industries.  
 D) the elimination of all trade barriers among member countries.

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**42)** A survey of businesspeople from Argentina, Brazil, Chile, Columbia, and Venezuela found that the \_\_\_\_\_ market, on average, was more important for their economic well-being than any other market.

A) Mexican   
 B) Japanese  
 C) U.S.  
 D) European Union

**Question Details**Accessibility : Keyboard Navigation  
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**43)** The ultimate objective of the European Union is to:

A) develop separate custom duties for member countries.   
 B) eliminate all trade barriers among member countries.  
 C) have a single government that represents all European Union countries.  
 D) increase imports into European Union countries.

**Question Details**Accessibility : Keyboard Navigation  
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**44)** In the context of established economies, the European Union:

A) has largely achieved the reality of a single currency and a regional central bank.   
 B) has eliminated all trade barriers among member countries.  
 C) subjects member nations to quotas on the manufacture and shipment of high-quality, low-cost goods.  
 D) imposes duties on member nations for the manufacture and shipment of high-quality, low-cost goods.

**Question Details**Accessibility : Keyboard Navigation  
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**45)** In the context of emerging and developing economies in Central and Eastern Europe, which of the following is a pervasive challenge in Russia?

A) Privatization   
 B) Dismantling of Russian price controls  
 C) Lack of public security  
 D) Expansion of the middle class

**Question Details**Accessibility : Keyboard Navigation  
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**46)** Russia, \_\_\_\_\_ receive the most media coverage and are among the largest of the former communist countries.

A) Romania, Poland, and Bulgaria   
 B) Czech Republic, Bulgaria, and Poland  
 C) Hungary, Romania, and Albania  
 D) Poland, Hungary, and the Czech Republic

**Question Details**Accessibility : Keyboard Navigation  
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**47)** Which of the following statements is true about the economy of Poland?

A) The consensus decision-making system of Poland turns out to be too time-consuming in the new speed-based economy.   
 B) During the 1970s and 1980s, Poland's economic success had been without precedent.  
 C) Poland is among the largest of the former communist countries that receive the least media coverage.  
 D) Poland's economy was the only economy in the European Union to grow during the global recession of 2008-2009.

**Question Details**Accessibility : Keyboard Navigation  
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**48)** A \_\_\_\_\_ can be defined as an organizational arrangement in Japan in which a large, often vertically integrated group of companies cooperate and work closely with each other to provide goods and services to end users.

A) vertically integrated corporation   
 B) keiretsu  
 C) maquiladora  
 D) chaebol

**Question Details**Accessibility : Keyboard Navigation  
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Bloom's : Remember  
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**49)** Ministry of International Trade and Industry (MITI) is a \_\_\_\_\_ government agency that identifies and ranks national commercial pursuits and guides the distribution of national resources to meet these goals.

A) Chinese   
 B) Japanese  
 C) South Korean  
 D) Philippine

**Question Details**Accessibility : Keyboard Navigation  
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**50)** In the context of established economies, despite setbacks, \_\_\_\_\_ remains a formidable international competitor and is well poised in all three major economic regions: the Pacific Rim, North America, and Europe.

A) Japan   
 B) Chile  
 C) China  
 D) Argentina

**Question Details**Accessibility : Keyboard Navigation  
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**51)** In addition to Japan and China, the important economies in Asia are:

A) South Korea, Hong Kong, Singapore, and Taiwan.   
 B) Indonesia, South Korea, Japan, and Taiwan.  
 C) Thailand, South Korea, Indonesia, and Hong Kong.  
 D) Singapore, South Korea, Indonesia, and Thailand.

**Question Details**Accessibility : Keyboard Navigation  
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**52)** In the context of emerging and developing economies, identify a true statement about China.

A) Multinational corporations find it extremely easy to do business in and with China because of the undervaluation of the Chinese currency.   
 B) China's policy toward its foreign investors is rigid yet predictable.  
 C) Trade relations between China and developed countries and regions have significantly improved after the revaluation of the Chinese currency.  
 D) Foreign businesses need to maintain a delicate balance between the communist and the capitalist systems in China.

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**53)** In \_\_\_\_\_, chaebols are very large, family-held conglomerates that have considerable political and economic power.

A) Thailand   
 B) Japan  
 C) South Korea  
 D) China

**Question Details**Accessibility : Keyboard Navigation  
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**54)** In the context of emerging and developing economies, identify a true statement about India.

A) The overwhelmingly diverse people of India mostly speak tribal languages and dialects.   
 B) Its political instability is pervasive, which generates substantial risks for foreign investors.  
 C) Indians are known for their advanced information technology expertise.  
 D) Indian government is unable to provide funds for economic development.

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Learning Objective : 01-03 EXAMINE the changing balance of global economic power and trade and invest  
Topic : Economic Performance and Issues of Major Regions  
Bloom's : Understand  
null : Level of Difficulty: 2 Medium

**55)** Which of the following countries was among the world's 10 most competitive nations in 2018?

A) Germany   
 B) Singapore  
 C) Mexico  
 D) Australia

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
null : Level of Difficulty: 1 Easy  
Learning Objective : 01-03 EXAMINE the changing balance of global economic power and trade and invest  
Topic : Economic Performance and Issues of Major Regions

**56)** Internationalization is the vision of creating one world unit, a single market entity.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
Learning Objective : 01-01 ASSESS the implications of globalization for countries, industries, firms,  
null : Level of Difficulty: 1 Easy  
Topic : Globalization and Internationalization

**57)** In the context of the changing global demographics, elderly populations spend money on housing and other capitally financed purchases.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
Learning Objective : 01-01 ASSESS the implications of globalization for countries, industries, firms,  
null : Level of Difficulty: 1 Easy  
Topic : Globalization and Internationalization

**58)** North American Free Trade Agreement (NAFTA) members are better integrated as a single market than the European Union (EU) or the allied Asian countries.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
Learning Objective : 01-01 ASSESS the implications of globalization for countries, industries, firms,  
null : Level of Difficulty: 1 Easy  
Topic : Globalization and Internationalization

**59)** The United Nations (U.N.) has increasingly embraced social media as a tool to enhance diplomacy and understanding worldwide.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
Learning Objective : 01-01 ASSESS the implications of globalization for countries, industries, firms,  
null : Level of Difficulty: 1 Easy  
Topic : An Interconnected World

**60)** An increase in the ease of travel between countries is an important development that has occurred because of the North American Free Trade Agreement (NAFTA).

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
Learning Objective : 01-01 ASSESS the implications of globalization for countries, industries, firms,  
null : Level of Difficulty: 1 Easy  
Topic : Globalization and Internationalization

**61)** Initial reports from Goldman Sachs, issued in the early 2000s, predicted that BRIC (Brazil, Russia, India, and China) economies' share of world growth could double from 20 percent in 2003 to more than 40 percent by 2025.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
Learning Objective : 01-01 ASSESS the implications of globalization for countries, industries, firms,  
null : Level of Difficulty: 1 Easy  
Topic : Globalization and Internationalization

**62)** Foreign direct investment (FDI) has been increasing rapidly among developed economies since the past few years.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
Learning Objective : 01-01 ASSESS the implications of globalization for countries, industries, firms,  
null : Level of Difficulty: 1 Easy  
Topic : Globalization and Internationalization

**63)** Nongovernmental organizations (NGOs) have become more active in expressing concerns about the potential shortcomings of economic globalization.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
Learning Objective : 01-01 ASSESS the implications of globalization for countries, industries, firms,  
null : Level of Difficulty: 1 Easy  
Topic : Globalization and Internationalization

**64)** In a command economy, a general balance between supply and demand sustains prices, while an imbalance creates a price fluctuation.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
null : Level of Difficulty: 1 Easy  
Learning Objective : 01-02 REVIEW the major trends in global and regional integration.  
Topic : Global Economic Systems

**65)** Monopolies are a danger to the market economy system because they tend to stifle economic growth.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
null : Level of Difficulty: 1 Easy  
Learning Objective : 01-02 REVIEW the major trends in global and regional integration.  
Topic : Global Economic Systems

**66)** In the context of the emerging markets of Asia, India is attractive to multinationals, especially U.S. and British firms.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
null : Level of Difficulty: 1 Easy  
Learning Objective : 01-03 EXAMINE the changing balance of global economic power and trade and invest  
Topic : Economic Performance and Issues of Major Regions

**67)** The United States has considerable foreign direct investment in Germany, more than in any other country.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
null : Level of Difficulty: 1 Easy  
Learning Objective : 01-03 EXAMINE the changing balance of global economic power and trade and invest  
Topic : Economic Performance and Issues of Major Regions

**68)** Despite being unable to take full advantage of globalization, there is still hope in the future for Africa because the potential of African countries remains virtually untapped.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
null : Level of Difficulty: 1 Easy  
Learning Objective : 01-03 EXAMINE the changing balance of global economic power and trade and invest  
Topic : Economic Performance and Issues of Major Regions

**69)** One of the factors that contributed to the early success of the Japanese economy is the presence of chaebols.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
null : Level of Difficulty: 1 Easy  
Learning Objective : 01-03 EXAMINE the changing balance of global economic power and trade and invest  
Topic : Economic Performance and Issues of Major Regions

**70)** About 46 percent of employees in both the United States and Russia would prefer a work schedule that fluctuates between work and leisure, mirroring a pattern of recurring sabbaticals.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
null : Level of Difficulty: 1 Easy  
Learning Objective : 01-03 EXAMINE the changing balance of global economic power and trade and invest  
Topic : Economic Performance and Issues of Major Regions

**71)** The ultimate objective of the European Union (EU) is to eliminate all trade barriers among member countries.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
null : Level of Difficulty: 1 Easy  
Learning Objective : 01-03 EXAMINE the changing balance of global economic power and trade and invest  
Topic : Economic Performance and Issues of Major Regions

**72)** The economy of Argentina outweighs that of any other South American country with an economic output comparable to that of France and has become a worldwide presence.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
null : Level of Difficulty: 1 Easy  
Learning Objective : 01-03 EXAMINE the changing balance of global economic power and trade and invest  
Topic : Economic Performance and Issues of Major Regions

**73)** The Brazilian economy outweighs that of any other South American country with an economic output comparable to that of France.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
null : Level of Difficulty: 1 Easy  
Learning Objective : 01-03 EXAMINE the changing balance of global economic power and trade and invest  
Topic : Economic Performance and Issues of Major Regions

**74)** China remains a major risk for investors because they are required to maintain a delicate balance between the country's communist and capitalist systems.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
null : Level of Difficulty: 1 Easy  
Learning Objective : 01-03 EXAMINE the changing balance of global economic power and trade and invest  
Topic : Economic Performance and Issues of Major Regions

**75)** Hungary's economy was the only economy in the EU to continue to grow during the global recession of 2008-2009.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
null : Level of Difficulty: 1 Easy  
Learning Objective : 01-03 EXAMINE the changing balance of global economic power and trade and invest  
Topic : Economic Performance and Issues of Major Regions

**76)** Singapore has emerged as an urban planner's ideal model and the leader and financial center of Southeast Asia.

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
AACSB : Analytical Thinking  
Bloom's : Remember  
null : Level of Difficulty: 1 Easy  
Learning Objective : 01-03 EXAMINE the changing balance of global economic power and trade and invest  
Topic : Economic Performance and Issues of Major Regions

**Answer Key**Test name: Chapter 01

1) A multinational corporation is a firm that has operations in more than one country, international sales, and a nationality mix of managers and owners. Firms pursue international markets to increase their sales and net income. In recent years such well-known American MNCs as Apple, Oracle, Coca-Cola, Ford Motor Company, ExxonMobil, Caterpillar, Walmart, Microsoft, and Google have all earned more annual revenue in the international arena than they have in the United States.

2) The United States, Canada, and Mexico make up the North American Free Trade Agreement (NAFTA), which in essence has removed all barriers to trade among these countries and created the world's largest free trade zone. A number of economic developments have occurred because of this agreement and are designed to promote commerce in the region. Some of the more important developments include (1) the elimination of tariffs as well as import and export quotas; (2) the opening of government procurement markets to companies in the other two nations; (3) an increase in the opportunity to make investments in each other's country; (4) an increase in the ease of travel between countries; and (5) the removal of restrictions on agricultural products, auto parts, and energy goods.

3) A market economy exists when private enterprise reserves the right to own property and monitor the production and distribution of goods and services while the state simply supports competition and efficient practices. Management is particularly effective here since private ownership provides local evaluation and understanding, opposed to a nationally standardized archetype. This model contains the least restriction as the allocation of resources is roughly determined by the law of demand. Since the interaction of the community and firms guides the system, organizations must be as versatile as the individual consumer. Competition is fervently encouraged to promote innovation, economic growth, high quality, and efficiency. The government may prohibit such things as monopolies or restrictive business practices in order to maintain the integrity of the economy.

4) The European Union (EU) has made significant progress over the past two decades in becoming a unified market. In the early 2000s, the EU consisted of 15 nations: Austria, Belgium, Denmark, Finland, France, Germany, the United Kingdom, Greece, the Netherlands, Ireland, Italy, Luxembourg, Portugal, Spain, and Sweden. In May 2004, 10 additional countries, primarily located in Central and Eastern Europe, joined the EU: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia. In January 2007, Romania and Bulgaria acceded to the EU, and in July 2013, Croatia became the newest and the 28th member of the EU. Not only have most trade barriers between the member nations been removed, but a subset of 19 European countries have adopted a unified currency called the euro.<br>As a result, it is now possible for customers to compare prices between most countries and for business firms to lower their costs by conducting business in one uniform currency.<br>With access to the entire pan-European market, large multinational companies (MNCs) can now achieve the operational scale and scope necessary to reduce costs and increase efficiencies. Even though long-standing cultural differences remain, and the EU has recently experienced some substantial challenges, including the planned exit of the United Kingdom in 2019 (coined "Brexit"), the EU remains more integrated as a single market than the North American Free Trade Agreement (NAFTA) and its successor, the United States-Mexico-Canada Agreement (USMCA), the U.S.-Dominican Republic-Central American Free Trade Agreement (CAFTA-DR), or the allied Asian countries.

5) During the 1970s and 1980s, Japan's economic success had been without precedent. The country had a huge positive trade balance, the yen was strong, and the Japanese became recognized as the world leaders in manufacturing and consumer goods. Analysts ascribe Japan's phenomenal success to a number of factors. Some areas that have received a lot of attention are the Japanese cultural values supporting a strong work ethic and group/team effort, consensus decision making, the motivational effects of guaranteed lifetime employment, and the overall commitment that Japanese workers have to their organizations. However, at least some of these assumptions about the Japanese workforce have turned out to be more myth than reality and some of the former strengths have become weaknesses in the new economy. Some of the early success of the Japanese economy can be attributed to the Ministry of International Trade and Industry (MITI). Another major reason for Japanese success may be the use of keiretsus. Being able to draw from the resources of the other parts of the keiretsu, a Japanese MNC often can get things done more quickly and profitably than its international competitors.<br>Despite setbacks, Japan remains a formidable international competitor and is well poised in all three major economic regions: the Pacific Rim, North America, and Europe.

6) C

7) D

8) D

9) B

10) D

11) C

12) A

13) D

14) B

15) C

16) A

17) B

18) C

19) A

20) D

21) B

22) B

23) B

24) A

25) A

26) A

27) A

28) A

29) B

30) D

31) B

32) D

33) B

34) B

35) D

36) A

37) C

38) D

39) C

40) C

41) B

42) C

43) B

44) A

45) C

46) D

47) D

48) B

49) B

50) A

51) A

52) D

53) C

54) C

55) B

56) FALSE

57) FALSE

58) FALSE

59) TRUE

60) TRUE

61) TRUE

62) FALSE

63) TRUE

64) FALSE

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67) FALSE

68) TRUE

69) FALSE

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73) TRUE

74) TRUE

75) FALSE

76) TRUE