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

**1)** Discuss the characteristics of globalization. Use an example in your discussion.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : What Is Globalization?  
Bloom's : Apply  
Difficulty : 3 Hard

**2)** Explain what is meant by the globalization of markets. Provide an example. What are the most global markets?

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : What Is Globalization?  
Difficulty : 3 Hard  
Bloom's : Analyze

**3)** Discuss the concept of the globalization of production.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : What Is Globalization?  
Difficulty : 3 Hard

**4)** What is the World Trade Organization? What is its role in the world economy?

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : Overview of Trade  
Bloom's : Apply  
Difficulty : 3 Hard

**5)** What is the International Monetary Fund? What is the World Bank? What is their relationship, if any, with each other?

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : The Role of the World Bank and the International Monetary Fund in the International Monetary  
Difficulty : 3 Hard  
Bloom's : Evaluate

**6)** What is the Uruguay Round? List the measures implemented in the Uruguay Round.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-02 Recognize the main drivers of globalization.  
Topic : Overview of Trade  
Bloom's : Apply  
Difficulty : 3 Hard

**7)** Explain the trends in world trade and foreign direct investment since 1960.

**Question Details**Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-02 Recognize the main drivers of globalization.  
Difficulty : 3 Hard  
Bloom's : Analyze  
Topic : Drivers of Globalization  
AACSB : Reflective Thinking

**8)** Explain how the COVID-19 global pandemic has impacted globalization.

**Question Details**Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-02 Recognize the main drivers of globalization.  
Difficulty : 3 Hard  
Bloom's : Analyze  
Topic : Drivers of Globalization  
AACSB : Reflective Thinking

**9)** Discuss the impact of technological change and automation on global markets.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-02 Recognize the main drivers of globalization.  
Bloom's : Apply  
Difficulty : 3 Hard  
Topic : Drivers of Globalization

**10)** Discuss the demographics of world trade since the 1960s. How has the role of the United States changed? How is world trade expected to change in the future?

**Question Details**Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 3 Hard  
Bloom's : Analyze  
Learning Objective : 01-03 Describe the changing nature of the global economy.  
Topic : The Changing Nature of the Global Economy  
AACSB : Reflective Thinking

**11)** Why does China represent both opportunities and threats for established international businesses?

**Question Details**Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-03 Describe the changing nature of the global economy.  
Topic : The Changing Nature of the Global Economy  
AACSB : Reflective Thinking

**12)** Consider whether the shift toward a more integrated and interdependent global economy is a good thing. Discuss the shift from the eyes of the consumer, the worker, the company, and the environmentalist.

**Question Details**Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 3 Hard  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate  
AACSB : Reflective Thinking  
Bloom's : Evaluate

**13)** Discuss what occurred in Seattle in 1999 at the meeting of the WTO and why the events were important to the future of global trade.

**Question Details**Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 3 Hard  
Bloom's : Analyze  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate  
AACSB : Reflective Thinking

**14)** Falling barriers to international trade destroy manufacturing jobs in wealthy advanced economies. Discuss this statement. Do you agree? Why or why not?

**Question Details**Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 3 Hard  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate  
AACSB : Reflective Thinking  
Bloom's : Evaluate

**15)** Why is managing an international business different from managing a purely domestic business?

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Apply  
Difficulty : 3 Hard  
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and  
Topic : Understanding the Differences Between International and Domestic Business

**16)** What are some of the issues a manager of an international business must confront that a manager of a domestic business never confronts?

**Question Details**Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Apply  
Difficulty : 3 Hard  
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and  
Topic : Understanding the Differences Between International and Domestic Business  
AACSB : Reflective Thinking

**17)** \_\_\_\_\_\_\_\_\_\_ refers to the shift toward a more integrated and interdependent world economy.

17) \_\_\_\_\_\_

A) Outsourcing   
 B) International marketing  
 C) Privatization  
 D) Globalization

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : What Is Globalization?  
Bloom's : Remember  
Difficulty : 1 Easy

**18)** In 2008 and 2009, the \_\_\_\_\_\_\_\_\_\_ became the forum through which major nations attempted to launch a coordinated policy response to the global financial crisis, which started in America.

18) \_\_\_\_\_\_

A) United Nations   
 B) Group of Seven (G7)  
 C) Group of Twenty (G20)  
 D) World Trade Organization

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Bloom's : Remember  
Difficulty : 1 Easy  
Topic : Various Types of Institutions in Global Business

**19)** Which factor has contributed to the globalization of markets?

19) \_\_\_\_\_\_

A) a decrease in foreign direct investment   
 B) global convergence of consumer tastes and preferences  
 C) an increase in cross-border barriers to trade  
 D) the trend to separate a homogeneous market into separate national markets

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : What Is Globalization?  
Difficulty : 3 Hard  
Bloom's : Analyze

**20)** Globalization has resulted in

20) \_\_\_\_\_\_

A) less interdependence between national economies.   
 B) an increase in the use of outsourcing.  
 C) a collective material culture becoming more diverse.  
 D) increasing barriers to cross-border trade.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : What Is Globalization?

**21)** Which factor hinders globalization of consumer goods market?

21) \_\_\_\_\_\_

A) national and cultural differences in tastes and preferences   
 B) increasing incomes in emerging markets  
 C) homogenization of material culture  
 D) increased outsourcing of goods and services

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 2 Medium  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : What Is Globalization?  
Bloom's : Analyze

**22)** Globalization of markets results in markets becoming

22) \_\_\_\_\_\_

A) less interdependent.   
 B) less diverse.  
 C) more protected.  
 D) less competitive.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : What Is Globalization?  
Bloom's : Remember  
Difficulty : 1 Easy

**23)** A U.S. investment firm set up a customer service call center in India to take advantage of lower labor costs. This is called

23) \_\_\_\_\_\_

A) homogenizing markets.   
 B) vertical integration.  
 C) outsourcing.  
 D) horizontal integration.

**Question Details**Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : What Is Globalization?  
AACSB : Knowledge Application  
Bloom's : Apply  
Difficulty : 3 Hard

**24)** Early outsourcing efforts were primarily confined to

24) \_\_\_\_\_\_

A) health care.   
 B) service activities.  
 C) technological research.  
 D) manufacturing activities.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : What Is Globalization?  
Bloom's : Remember  
Difficulty : 1 Easy

**25)** What impedes firms from achieving the optimal dispersion of their productive activities to locations around the globe?

25) \_\_\_\_\_\_

A) transportation costs   
 B) government deregulations  
 C) reduction of barriers to trade between countries  
 D) reduction of barriers to foreign direct investment

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : What Is Globalization?

**26)** The General Agreement on Tariffs and Trade (GATT) was responsible for

26) \_\_\_\_\_\_

A) protecting government-owned enterprises.   
 B) promoting free trade and reducing trade barriers.  
 C) limiting nuclear testing.  
 D) promoting environment friendly technology.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Bloom's : Remember  
Difficulty : 1 Easy  
Topic : Overview of Trade

**27)** The \_\_\_\_\_\_\_\_\_\_ is primarily responsible for policing the world trading system and making sure nation-states adhere to the rules laid down in trade treaties signed by member states.

27) \_\_\_\_\_\_

A) International Development Association   
 B) World Bank  
 C) International Court of justice  
 D) World Trade Organization

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Bloom's : Remember  
Difficulty : 1 Easy  
Topic : Overview of Trade

**28)** The World Trade Organization promotes

28) \_\_\_\_\_\_

A) the lowering of barriers to cross-border trade and investment.   
 B) the development of poor nations through low-interest loans.  
 C) state ownership of major enterprises.  
 D) the regulation of national economies.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : Overview of Trade

**29)** Which statement is true about the International Monetary Fund (IMF)?

29) \_\_\_\_\_\_

A) It is primarily responsible for policing the world trading system.   
 B) It is seen as the lender of last resort to nation-states whose economies are in turmoil.  
 C) It is responsible for establishing multinational treaties to govern the global business system.  
 D) It was established to formulate a coordinated policy response to financial crises in developing nations.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 2 Medium  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : The Role of the World Bank and the International Monetary Fund in the International Monetary  
Bloom's : Analyze

**30)** The \_\_\_\_\_\_\_\_\_\_ was established on October 24, 1945, by 51 countries committed to preserving peace through international cooperation and collective security.

30) \_\_\_\_\_\_

A) World Trade Organization   
 B) United Nations  
 C) G20  
 D) World Bank

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Bloom's : Remember  
Difficulty : 1 Easy  
Topic : The United Nations

**31)** The G20 was originally established to

31) \_\_\_\_\_\_

A) preserve peace through international cooperation and collective security.   
 B) maintain order in the international monetary system.  
 C) formulate a coordinated policy response to financial crises in developing nations.  
 D) manage, regulate, and police the global marketplace.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : What Is Globalization?  
Bloom's : Remember  
Difficulty : 1 Easy

**32)** Which item is a factor of production?

32) \_\_\_\_\_\_

A) tariffs   
 B) transportation costs  
 C) capital  
 D) government

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Bloom's : Remember  
Difficulty : 1 Easy  
Topic : Drivers of Globalization

**33)** Which institution focuses on making low-interest loans to cash-strapped governments in poor nations that wish to undertake significant infrastructure investments?

33) \_\_\_\_\_\_

A) the WTO   
 B) the GATT  
 C) the World Bank  
 D) the IMF

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Bloom's : Remember  
Difficulty : 1 Easy  
Topic : The Role of the World Bank and the International Monetary Fund in the International Monetary

**34)** Which institution was established to maintain order in the international monetary system?

34) \_\_\_\_\_\_

A) the WTO   
 B) the G20  
 C) the World Bank  
 D) the IMF

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Bloom's : Remember  
Difficulty : 1 Easy  
Topic : The Role of the World Bank and the International Monetary Fund in the International Monetary

**35)** Which statement is true of the International Monetary Fund (IMF)?

35) \_\_\_\_\_\_

A) It is often seen as the lender of first choice to nation-states whose economies are in turmoil.   
 B) Its loans come with no strings attached.  
 C) It is the less controversial of the two sister institutions, the IMF and the World Bank.  
 D) It has emerged as a significant player in the global economy.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : The Role of the World Bank and the International Monetary Fund in the International Monetary

**36)** The volume of world merchandise trade and production is growing faster than world GDP. This implies that

36) \_\_\_\_\_\_

A) more firms are dispersing their production processes to global locations.   
 B) the economies of the world’s nation-states are becoming more independent from each other.  
 C) the global economy is headed for a large downward correction.  
 D) the world is becoming poorer.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-02 Recognize the main drivers of globalization.  
Difficulty : 3 Hard  
Bloom's : Analyze  
Topic : Drivers of Globalization

**37)** \_\_\_\_\_\_\_\_\_\_ occurs when a firm exports goods or services to consumers in another country.

37) \_\_\_\_\_\_

A) International trade   
 B) Foreign direct investment  
 C) Inward investment  
 D) Outsourcing

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Remember  
Difficulty : 1 Easy  
Learning Objective : 01-02 Recognize the main drivers of globalization.  
Topic : Drivers of Globalization

**38)** The negotiations in the Uruguay Round of GATT led to

38) \_\_\_\_\_\_

A) an easing of lending restrictions for cash-strapped nation-states.   
 B) enhanced protection for patents, trademarks, and copyrights.  
 C) increased trade barriers.  
 D) reduced coverage of services and manufactured goods.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-02 Recognize the main drivers of globalization.  
Topic : Overview of Trade

**39)** \_\_\_\_\_\_\_\_\_\_ predicts that the power of microprocessor technology doubles and its cost of production falls in half every 18 months.

39) \_\_\_\_\_\_

A) Keynes’s Law   
 B) Say’s Law  
 C) Moore’s Law  
 D) Sullivan Principle

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Remember  
Difficulty : 1 Easy  
Learning Objective : 01-02 Recognize the main drivers of globalization.  
Topic : Drivers of Globalization

**40)** Containerization has revolutionized the transportation business by

40) \_\_\_\_\_\_

A) reducing the time needed to get from one location to another.   
 B) simplifying the transportation process and lowering the cost of shipping goods.  
 C) providing a means for buyers and sellers to find each other easily in a global economy.  
 D) offering enterprises to coordinate and control a globally dispersed production system.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-02 Recognize the main drivers of globalization.  
Topic : Drivers of Globalization

**41)** The volume of world trade in merchandised goods has been

41) \_\_\_\_\_\_

A) growing at the same rate as world GDP.   
 B) growing faster than world GDP.  
 C) growing slower than world GDP.  
 D) declining faster than world GDP.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Remember  
Difficulty : 1 Easy  
Learning Objective : 01-02 Recognize the main drivers of globalization.  
Topic : Drivers of Globalization

**42)** Smith Global Industries has decided to invest resources in business activities outside its home country. This is called

42) \_\_\_\_\_\_

A) foreign direct investment (FDI).   
 B) direct international investment (DII).  
 C) international trade (IT).  
 D) foreign direct production (FDP).

**Question Details**Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 2 Medium  
Learning Objective : 01-02 Recognize the main drivers of globalization.  
AACSB : Knowledge Application  
Bloom's : Apply  
Topic : Overview of Foreign Direct Investment

**43)** In 2009, the financial crisis in the United States was triggered by

43) \_\_\_\_\_\_

A) the global hike in the price of crude oil.   
 B) the slowdown in U.S. imports, due to political pressure.  
 C) liberal lending policies by U.S. banks to homeowners.  
 D) the artificial fixing of the currency rate by China.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-03 Describe the changing nature of the global economy.  
Topic : The Changing Nature of the Global Economy

**44)** The relative decline of the United States in the share of world output and world exports reflects

44) \_\_\_\_\_\_

A) an increase in the barriers to foreign trade in the United States.   
 B) the deepening of the global financial crisis.  
 C) the reduced industrialization in developing nations.  
 D) the growth in the economic development of emerging markets and other industrialized countries.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-03 Describe the changing nature of the global economy.  
Topic : The Changing Nature of the Global Economy

**45)** Why did many Japanese firms invest in North America and Europe in the 1970s?

45) \_\_\_\_\_\_

A) to avoid a highly competitive domestic market   
 B) to exploit high domestic tariff barriers  
 C) to provide a hedge against unfavorable currency movements and imposition of trade barriers  
 D) to take advantage of the removal of all trade barriers

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 2 Medium  
Bloom's : Analyze  
Learning Objective : 01-03 Describe the changing nature of the global economy.  
Topic : The Changing Nature of the Global Economy

**46)** Throughout the 1990s, the amount of foreign direct investment directed at both developed and developing nations increased dramatically. This trend reflects

46) \_\_\_\_\_\_

A) a slowdown in global economic activity.   
 B) the increasing share of the United States in the total FDI stock.  
 C) the decline in cross-border flows of foreign direct investment.  
 D) the increasing internationalization of business corporations.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-03 Describe the changing nature of the global economy.  
Topic : The Changing Nature of the Global Economy

**47)** Which country has been the largest recipient of foreign direct investment and, in 2020, received about $250 billion in inflows?

47) \_\_\_\_\_\_

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

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Remember  
Difficulty : 1 Easy  
Learning Objective : 01-03 Describe the changing nature of the global economy.  
Topic : The Changing Nature of the Global Economy

**48)** Procter & Gamble is a multinational enterprise (MNE), which is a firm that

48) \_\_\_\_\_\_

A) exports its products to multiple countries.   
 B) owns business operations in more than one country.  
 C) does most of its business on the Internet.  
 D) lists its securities on a public exchange.

**Question Details**Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 1 Easy  
AACSB : Knowledge Application  
Bloom's : Apply  
Learning Objective : 01-03 Describe the changing nature of the global economy.  
Topic : The Changing Nature of the Global Economy

**49)** Since the 1960s, what has been a notable trend in the demographics of the multinational enterprise?

49) \_\_\_\_\_\_

A) the decline of multinational companies in the manufacturing sector   
 B) the growth of government-owned multinational enterprises  
 C) the decline of non-U.S. multinationals  
 D) the growth of mini-multinationals

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Remember  
Difficulty : 1 Easy  
Learning Objective : 01-03 Describe the changing nature of the global economy.  
Topic : The Changing Nature of the Global Economy

**50)** In the last two decades, Latin American countries such as Brazil, Mexico, and Chile have

50) \_\_\_\_\_\_

A) embraced communist principles.   
 B) promoted government ownership of enterprises.  
 C) experienced increasing debt and inflation.  
 D) welcomed foreign investment.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-03 Describe the changing nature of the global economy.  
Topic : The Changing Nature of the Global Economy

**51)** What is a risk associated with globalization?

51) \_\_\_\_\_\_

A) restrictions on competition   
 B) global financial contagion  
 C) excessive market regulation  
 D) differentiation of markets

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-03 Describe the changing nature of the global economy.  
Topic : The Changing Nature of the Global Economy

**52)** The rise in the number of mini-multinationals means that

52) \_\_\_\_\_\_

A) small businesses are becoming increasingly involved in international trade and investment.   
 B) it is increasingly difficult to enter the large multinational market.  
 C) countries are working together to minimize MNE influence.  
 D) there is greater state involvement in industry.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-03 Describe the changing nature of the global economy.  
Topic : The Changing Nature of the Global Economy

**53)** The downside of increased globalization is

53) \_\_\_\_\_\_

A) global financial contagions are less likely.   
 B) a severe crisis in one region can affect the entire globe.  
 C) one nation may become too powerful.  
 D) the potential for increased exploitation of undeveloped nations by developed nations.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-03 Describe the changing nature of the global economy.  
Topic : The Changing Nature of the Global Economy

**54)** During the past two decades, change in Latin America has been characterized by

54) \_\_\_\_\_\_

A) an increase in debt.   
 B) hyperinflation.  
 C) the sale of state-owned enterprises to private investors.  
 D) protests against foreign investment.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-03 Describe the changing nature of the global economy.  
Topic : The Changing Nature of the Global Economy

**55)** If China continues to move toward greater free market reforms it

55) \_\_\_\_\_\_

A) may move from being an industrial superpower to a struggling economy.   
 B) will likely see a decrease in GDP per capita.  
 C) may move from a third-world business giant to an industrial superpower.  
 D) will likely give global market share to Western and Japanese enterprises.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 3 Hard  
Bloom's : Analyze  
Learning Objective : 01-03 Describe the changing nature of the global economy.  
Topic : The Changing Nature of the Global Economy

**56)** To be classified as an MNE, a company must have productive activities in at least \_\_\_\_\_\_\_\_\_\_\_\_ countries.

56) \_\_\_\_\_\_

A) two   
 B) three  
 C) ten  
 D) twenty

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Remember  
Difficulty : 1 Easy  
Learning Objective : 01-03 Describe the changing nature of the global economy.  
Topic : The Changing Nature of the Global Economy

**57)** Supporters of globalization maintain that the apparent decline in real wage rates of unskilled workers

57) \_\_\_\_\_\_

A) is due to technological changes and automation that create greater demand for skilled workers.   
 B) is due to the migration of low-wage manufacturing jobs offshore.  
 C) can be checked by increasing government ownership of enterprises.  
 D) can be checked by limiting free trade and foreign investment.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate

**58)** Several studies published by the Organisation for Economic Co-operation and Development (OECD) noted that

58) \_\_\_\_\_\_

A) the real household income of unskilled workers in the United States increased more in comparison to that of skilled workers.   
 B) in almost all countries real income levels declined over the 20-year period studied.  
 C) the falling unemployment rates brought gains to low-wage workers and fairly broad-based wage growth.  
 D) the gap between the poorest and richest segments of society in some OECD countries had widened.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 2 Medium  
Bloom's : Remember  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate

**59)** A number of econometric studies have found consistent evidence of a hump-shaped relationship between income levels and pollution levels. According to this, as an economy grows and income levels rise

59) \_\_\_\_\_\_

A) initially pollution levels remain low.   
 B) after a while, pollution levels decrease.  
 C) pollution levels also rise in proportion to the economic growth.  
 D) there is increasing industrialization, which leads to greater pollution.

**Question Details**Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate  
AACSB : Reflective Thinking

**60)** The trade agreement known as NAFTA was passed only after

60) \_\_\_\_\_\_

A) China agreed to establish a higher minimum wage.   
 B) the United States agreed to limit the number of jobs that could be outsourced.  
 C) Mexico committed to tougher enforcement of environmental protection regulations.  
 D) Canada committed to establish new limits on FDI.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Remember  
Difficulty : 1 Easy  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate

**61)** Globalization is criticized because it increases the power of

61) \_\_\_\_\_\_

A) governments to own enterprises.   
 B) unskilled labor to form labor unions.  
 C) supranational organizations over nation-states.  
 D) nation-states to regulate markets and reduce competition.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate

**62)** The World Trade Organization has estimated that the developed nations of the world can raise global economic welfare by $128 billion by

62) \_\_\_\_\_\_

A) removing subsidies given to their agricultural producers.   
 B) increasing tariff barriers to trade in agriculture.  
 C) increasing outsourcing of manufacturing processes.  
 D) reducing defense expenditure.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Remember  
Difficulty : 1 Easy  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate

**63)** Which factor is viewed by large segments of the population in many countries as a detrimental effect of globalization?

63) \_\_\_\_\_\_

A) job growth in industries under attack from foreign competitors   
 B) upward pressure on the wage rates of unskilled workers  
 C) environmental degradation  
 D) cultural isolationism of global media and MNEs

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 2 Medium  
Bloom's : Apply  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate

**64)** While the hump-shaped relationship between income levels and pollution levels seems to hold across a wide range of pollutants, \_\_\_\_\_\_\_\_\_ represent an important exception.

64) \_\_\_\_\_\_

A) sulfur dioxide emissions   
 B) lead concentrations  
 C) carbon dioxide emissions  
 D) water quality standards

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Remember  
Difficulty : 1 Easy  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate

**65)** Based on several studies, the data suggest that real wages

65) \_\_\_\_\_\_

A) for unskilled workers have decreased while real wages for skilled workers have increased.   
 B) for both skilled and unskilled labor have decreased.  
 C) for both skilled and unskilled labor have increased.  
 D) for unskilled workers have increased while real wages for skilled worker have decreased.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate

**66)** Why has little progress has been made toward the ambitious goals set at the 1992 Earth Summit in Rio de Janeiro?

66) \_\_\_\_\_\_

A) China has shown a strong appetite to adopt tighter pollution controls.   
 B) Political cooperation in the U.S. Congress promotes domestic action.  
 C) There is a culture of denial in the United States.  
 D) Trade liberalization efforts have not been rolled back.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 2 Medium  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate  
Bloom's : Evaluate

**67)** The two largest emitters of carbon dioxide are

67) \_\_\_\_\_\_

A) China and the United States.   
 B) China and the United Kingdom.  
 C) Canada and the United States.  
 D) Mexico and the United States.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Remember  
Difficulty : 1 Easy  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate

**68)** How would economists characterize the relationship between globalization and poverty?

68) \_\_\_\_\_\_

A) Globalization has improved the lot of the world’s poorer nations which has led to an overall decrease in poverty.   
 B) Globalization has caused the gap between rich and poor nations to shrink and poverty levels to decline.  
 C) Globalization has caused an increase in poverty as well as an increase in the gap between rich and poor nations.  
 D) The movement of labor to developed nations because of globalization has contributed significantly to the increase in poverty.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 3 Hard  
Bloom's : Analyze  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate

**69)** Which statement is true of “highly indebted poorer countries” (HIPCs)?

69) \_\_\_\_\_\_

A) About 100 nations fall in this category.   
 B) The average debt burden has never been more than 75 percent of the value of the HIPC's economy.  
 C) Servicing heavy debt leaves HIPCs with little left to invest in public infrastructure.  
 D) The annual cost of serving debt consumes about 30 percent of HIPC export earnings.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 2 Medium  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate  
Bloom's : Evaluate

**70)** Supporters of debt relief for HIPCs

70) \_\_\_\_\_\_

A) argue that free trade alone is sufficient to bring HIPCs out of poverty.   
 B) argue that new democratic governments should be forced to honor debts incurred by previous corrupt predecessors.  
 C) are energized by high-profile endorsements from Bono, the Dalai Lama, and Jeffrey Sachs.  
 D) are working against the policies of the IMF and World Bank.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 2 Medium  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate  
Bloom's : Evaluate

**71)** An international business, unlike a multinational enterprise,

71) \_\_\_\_\_\_

A) needs to have manufacturing units in at least two foreign nations.   
 B) needs to manufacture products or provide services that target a global market.  
 C) need not customize its products to the requirements of national markets.  
 D) need not invest directly in operations in other countries.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and  
Topic : Challenges and Opportunities Created by Globalization

**72)** Exotic Collectibles is an international business. As such, it

72) \_\_\_\_\_\_

A) needs to have manufacturing units in at least two foreign nations.   
 B) needs to manufacture products or provide services that target a global market.  
 C) need not customize its products to the requirements of national markets.  
 D) invests in international trade or investment.

**Question Details**Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 2 Medium  
AACSB : Knowledge Application  
Bloom's : Apply  
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and  
Topic : Challenges and Opportunities Created by Globalization

**73)** Which statement is true regarding an international business?

73) \_\_\_\_\_\_

A) An international business needs to invest directly in operations in other countries.   
 B) An international business needs to have homogenous practices across countries.  
 C) An international business can be managed in the same way that a domestic business is managed.  
 D) An international business must find ways to work within the limits imposed by government intervention.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 2 Medium  
Bloom's : Analyze  
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and  
Topic : Challenges and Opportunities Created by Globalization

**74)** How does managing an international business differ from managing a domestic business?

74) \_\_\_\_\_\_

A) International managers are more experienced.   
 B) Countries differ in their cultures and systems.  
 C) Countries want to do business with their neighbors.  
 D) Countries want to keep their transactions simple.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and  
Topic : Understanding the Differences Between International and Domestic Business

**75)** Which statement is characteristic of an international businesses?

75) \_\_\_\_\_\_

A) All MNEs are international businesses.   
 B) Only firms that export products are international businesses.  
 C) Only firms that invest abroad are international businesses.  
 D) All international businesses are MNEs.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 2 Medium  
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and  
Topic : Challenges and Opportunities Created by Globalization  
Bloom's : Evaluate

**76)** Managing an international business is different from managing a purely domestic business because

76) \_\_\_\_\_\_

A) countries prefer to keep business transactions between domestic partners.   
 B) the range of problems confronted is wider and more complex.  
 C) international businesses have an added layer of U.N. regulations.  
 D) international transactions involve exchanging currencies through each country’s treasury.

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and  
Topic : Understanding the Differences Between International and Domestic Business

**77)** Since Mercury Machine is a medium-size business, it would not benefit from globalization.

77) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : What Is Globalization?

**78)** By sourcing goods and services from around the globe, companies may lower their overall cost structure or improve the quality or functionality of their product offering.

78) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : What Is Globalization?  
Bloom's : Remember  
Difficulty : 1 Easy

**79)** Manufacturers of industrial goods and materials are more likely to participate in global markets than producers of consumer products.

79) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : What Is Globalization?  
Bloom's : Remember  
Difficulty : 1 Easy

**80)** Outsourcing is a process that is limited to manufacturing enterprises.

80) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Topic : What Is Globalization?  
Bloom's : Remember  
Difficulty : 1 Easy

**81)** The World Bank has focused on policing the world trading system and making sure nation-states adhere to the rules laid down in trade treaties.

81) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Bloom's : Remember  
Difficulty : 1 Easy  
Topic : The Role of the World Bank and the International Monetary Fund in the International Monetary

**82)** Nations faced with a financial crisis can turn to the World Bank, known as the lender of last resort, to bail it out.

82) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Bloom's : Remember  
Difficulty : 1 Easy  
Topic : The Role of the World Bank and the International Monetary Fund in the International Monetary

**83)** One of the UN's central mandates is to make sure nation-states adhere to the rules laid down in trade treaties signed by member states.

83) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-01 Understand what is meant by the term globalization.  
Bloom's : Remember  
Difficulty : 1 Easy  
Topic : The United Nations

**84)** As part of the negotiations in the General Agreement on Tariffs and Trade, the Uruguay Round, finalized in December 1993, enhanced protection for patents, trademarks, and copyrights.

84) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-02 Recognize the main drivers of globalization.  
Topic : Overview of Trade

**85)** "Beggar thy neighbor" retaliatory trade policies involved countries progressively increasing trade barriers against each other, which contributed to the Great Depression of the 1930s.

85) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-02 Recognize the main drivers of globalization.  
Topic : Overview of Trade

**86)** Thera-sure Inc., a U.S.-based manufacturer of temperature regulators, sets up a production unit in Korea to take advantage of the lower labor costs there. This is an example of foreign direct investment.

86) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Learning Objective : 01-02 Recognize the main drivers of globalization.  
AACSB : Knowledge Application  
Bloom's : Apply  
Difficulty : 3 Hard  
Topic : Overview of Foreign Direct Investment

**87)** The value of foreign direct investment has steadily declined over the past few decades due in part to increased barriers placed on companies wanting to invest overseas.

87) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-02 Recognize the main drivers of globalization.  
Topic : Overview of Foreign Direct Investment

**88)** World events such as the COVID-19 global pandemic have forced companies to open operations in many parts of the world rather than invest in local production to try to offset disruptions in global supply chains.

88) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 2 Medium  
Learning Objective : 01-02 Recognize the main drivers of globalization.  
Bloom's : Analyze  
Topic : Drivers of Globalization

**89)** One result of the globalization of markets and the resulting growth of world trade, foreign direct investment, and imports is the increasing competition in domestic markets from foreign competitors.

89) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-02 Recognize the main drivers of globalization.  
Topic : Drivers of Globalization

**90)** The cost of microprocessors continues to fall, while their power increases. This statement supports the predictions made by Moore's Law.

90) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Remember  
Difficulty : 1 Easy  
Learning Objective : 01-02 Recognize the main drivers of globalization.  
Topic : Drivers of Globalization

**91)** Foreign direct investment by non-U.S. firms increased because they wanted to disperse production activities to optimal locations and to build a direct presence in major foreign markets.

91) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-03 Describe the changing nature of the global economy.  
Topic : Trends in Foreign Direct Investment

**92)** A current trend in international business is the decline of medium-sized and small multinationals, known as mini-multinationals.

92) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Remember  
Difficulty : 1 Easy  
AACSB : Knowledge Application  
Learning Objective : 01-03 Describe the changing nature of the global economy.  
Topic : The Changing Nature of the Global Economy

**93)** Because Russia has shown signs of shifting back toward greater state involvement in economic activity and authoritarian government, doing business in Russia is considered riskier.

93) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 3 Hard  
Learning Objective : 01-03 Describe the changing nature of the global economy.  
Topic : The Changing Nature of the Global Economy

**94)** According to globalization critics, the decline in unskilled wage rates is due to the migration of low-wage manufacturing jobs offshore and a corresponding reduction in demand for unskilled workers.

94) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Remember  
Difficulty : 1 Easy  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate

**95)** Evidence suggests that technological change has had a bigger impact than globalization on the declining share of national income enjoyed by labor.

95) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Remember  
Difficulty : 1 Easy  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate

**96)** According to supporters of free trade, as countries become more integrated into global economy and trade, they are more likely to enforce stricter environmental and labor regulations.

96) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate

**97)** According to critics of globalization, today’s interdependent global economy places more economic power in the hands of national governments.

97) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Understand  
Difficulty : 2 Medium  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate

**98)** According to supporters of debt relief, new democratic governments in poor nations should not be forced to honor debts incurred by corrupt and dictatorial predecessors.

98) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Bloom's : Remember  
Difficulty : 1 Easy  
Learning Objective : 01-04 Explain the main arguments in the debate over the impact of globalization.  
Topic : The Globalization Debate

**99)** A firm needs to become a multinational enterprise to engage in international business.

99) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 2 Medium  
Bloom's : Analyze  
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and  
Topic : Challenges and Opportunities Created by Globalization

**100)** Managing an international business is quite similar to managing a domestic business.

100) \_\_\_\_\_\_

⊚ true  
 ⊚ false

**Question Details**AACSB : Analytical Thinking  
Accessibility : Keyboard Navigation  
Accessibility : Screen Reader Compatible  
Difficulty : 2 Medium  
Bloom's : Analyze  
Learning Objective : 01-05 Understand how the process of globalization is creating opportunities and  
Topic : Understanding the Differences Between International and Domestic Business

**Answer Key**Test name: chapter 1

1) Globalization refers to a fundamental shift in the world economy in which national economies are no longer relatively self-contained entities. Instead, nations are moving toward a more integrated and interdependent world economy. Within this new global economy, an American might drive to work in a car designed in Germany that was assembled in Mexico from components made in the United States and Japan that were fabricated from Korean steel and Malaysian rubber. A company does not have to be the size of these multinational giants to facilitate, and benefit from, the globalization of markets. Note: Examples will vary.

2) The globalization of markets refers to the idea that historically distinct and separate national markets are merging into a single, huge global marketplace. For example, consumer product firms such as Coca-Cola, Starbucks, and McDonald’s offer the same basic product worldwide and are, in fact, not only a part of the trend, but facilitators of the trend as well. The most global of markets are not typically markets for consumer products—where national differences in tastes and preferences can still be important enough to act as a brake on globalization—but markets for industrial goods and materials that serve universal needs the world over. Note: Examples will vary.

3)The globalization of production refers to the sourcing of goods and services from locations around the globe to take advantage of national differences in the cost and quality of factors of production (such as labor, energy, land, and capital). By doing this, companies hope to lower their overall cost structure or improve the quality or functionality of their product offering, thereby allowing them to compete more effectively.

4)The World Trade Organization (WTO) is primarily responsible for policing the world trading system and making sure nation-states adhere to the rules laid down in trade treaties signed by WTO members. As of 2021, 164 nations that collectively accounted for 98 percent of world trade were WTO members, thereby giving the organization enormous scope and influence. The WTO is also responsible for facilitating the establishment of additional multinational agreements among WTO member states.

5) The International Monetary Fund (IMF) and the World Bank were both created in 1944 by 44 nations that met at Bretton Woods, New Hampshire. The IMF was established to maintain order in the international monetary system; the World Bank was set up to promote economic development. In the more than seven decades since their creation, both institutions have emerged as significant players in the global economy. The World Bank is the less controversial of the two sister institutions. It has focused on making low-interest loans to cash-strapped governments in poor nations that wish to undertake significant infrastructure investments (such as building dams or roads).

6)Under the umbrella of GATT, eight rounds of negotiations among member states worked to lower barriers to the free flow of goods and services. The first round of negotiations went into effect in 1948. The most recent negotiations to be completed, known as the Uruguay Round, were finalized in December 1993. The Uruguay Round further reduced trade barriers; extended GATT to cover services as well as manufactured goods; provided enhanced protection for patents, trademarks, and copyrights; and established the World Trade Organization to police the international trading system.

7)Between 1960 and 2020, the value of the world economy (adjusted for inflation) increased 9 times, while the value of international trade in merchandised goods increased 19.7 times. Not only has trade in goods and services been growing faster than world output for decades, so has the value of foreign direct investment, in part due to reductions in barriers limiting FDI between countries. This trade and investment pattern implies that firms are dispersing parts of their production to different locations around the world to drive down production costs and increase product quality, that the economies of the world's nation-states are becoming more intertwined, that foreign direct investment is playing an increasing role in the global economy as firms increase their cross-border investments, and that the world has become significantly wealthier since 1990. The implication is that rising trade is the engine that has helped pull the global economy along. Evidence also suggests that foreign direct investment is playing an increasing role in the global economy as firms increase their cross-border investments.

8) The growth in the value of world merchandise trade and world production has been growing since 1960. However, in 2020, the impact of the COVID-19 global pandemic caused a decline in global trade and output. Likewise, the pandemic caused decreases in foreign investment in 2020 as well. Additionally, the COVID-19 global pandemic has had a significant impact upon global supply chains, forcing many companies to rethink their globalization strategy. Some companies are reportedly considering moving production closer to home on the theory that local production is less likely to be disrupted by the current pandemic or other adverse events such as future pandemics, war, terrorism, trade disputes, and the like. If this becomes a trend, it too will put a brake upon the globalization process. Indeed, due to the ongoing COVID-19 pandemic, world trade slumped by around 8percent in 2020, although a significant rebound seems to be occurring in 2021.

9)Major advances in communication, information processing, and transportation technology have facilitated the globalization of markets and production. The microprocessor and the Internet have been central to the technology explosion. The development of the microprocessor vastly increased the amount of information that can be processed by individuals and firms, and the growth of the Internet has allowed companies to expand their global presence at a fraction of the cost of more traditional methods of business. Jet air travel, by shrinking travel time, has also helped to link the worldwide operations of international businesses. These changes have enabled firms to achieve tight coordination of their worldwide operations and to view the world as a single market.

10)In the early 1960s, the United States was the world’s dominant industrial power accounting for almost 40 percent of world output. In 1960, the United States accounted for 38.3 percent of world output, measured by gross domestic product (GDP). By 2019, the United States accounted for 24.4 percent of world output, with China now at 16.3 percent of world output and the global leader in this category. The United States was not the only developed nation to see its relative standing slip. The same occurred to Germany, France, Italy, the United Kingdom, and Canada—as just a few examples. These were all nations that were among the first to industrialize globally. Of course, the change in the U.S. position was not an absolute decline because the U.S. economy grew significantly between 1960 and 2019 (the economies of Germany, France, Italy, the United Kingdom, and Canada also grew during this time). Rather, it was a relative decline, reflecting the faster economic growth of several other economies, particularly China as well as several other nations in Asia. From 1960 to today, China’s share of world output increased from a trivial amount to 16.3 percent, making it the world’s second-largest economy in terms of its share in world output (the U.S. is still the largest economy overall). Other countries that markedly increased their share of world output included Japan, Thailand, Malaysia, Taiwan, Brazil, and South Korea. Most forecasts now predict a rapid rise in the share of world output accounted for by developing nations such as China, India, Russia, Indonesia, Thailand, South Korea, Mexico, and Brazil, and a commensurate decline in the share enjoyed by rich industrialized countries such as the United Kingdom, Germany, Japan, and the United States.

11)China represents a huge and largely untapped market. Reflecting this, between 1983 and today, annual foreign direct investment in China increased from less than $2 billion to $250 billion annually. On the other hand, China’s new firms are proving to be very capable competitors, and they could take global market share away from Western and Japanese enterprises. Thus, the changes in China are creating both opportunities and threats for established international businesses.

12)There are many advantages of globalization. From a broad perspective, globalization creates economic activity (which stimulates economic growth), creates jobs, raises income levels, and provides consumers with more choices in regard to the products and services that are available to them. From the perspective of an individual firm, globalization has the potential to increase revenues (through expanded market potential), drive down costs (through additional economies of scale), and boost profits. However, critics argue that globalization destroys manufacturing jobs in wealthy countries and contributes to pollution. Critics argue that falling trade barriers allow firms in industrialized countries to move their manufacturing activities offshore to countries where wage rates are much lower. Critics also argue that globalization encourages firms from advanced nations to move manufacturing facilities offshore to less developed countries to avoid the more stringent pollution controls in place in their home countries.

13)In December 1999, more than 40,000 protesters blocked the streets of Seattle in an effort to shut down a WTO meeting being held in the city. The issue was job losses in industries under attack from foreign competitors, falling wage rates of unskilled workers, environmental degradations, and cultural imperialism of global media and MNEs. Protesters believed that all of these issues were the result of globalization, and felt that the WTO, as a promoter of globalization, was a legitimate target for blame. The protest was a violent one, and emboldened by the experience, antiglobalization protesters now turn up at almost every major meeting of a global institution.

14) Critics argue that falling trade barriers allow firms to move manufacturing activities to countries where wage rates are much lower. As a result of such moves, they argue that the wage rates of poorer Americans have fallen significantly over the past quarter of a century. Supporters of globalization reply that critics of these trends miss the essential point about free trade—the benefits outweigh the costs. They argue that free trade will result in countries specializing in the production of those goods and services that they can produce most efficiently, while importing goods and services that they cannot produce as efficiently. Note: Opinions will vary.

15)Managing an international business is different from managing a purely domestic business for at least four reasons: (1) countries are different, (2) the range of problems confronted by a manager in an international business is wider and the problems themselves more complex than those confronted by a manager in a domestic business, (3) an international business must find ways to work within the limits imposed by government intervention in the international trade and investment system, and (4) international transactions involve converting money into different currencies.

16)In addition to the problems that arise from the differences between countries, managers of an international business must decide where in the world to site production activities to minimize costs and to maximize value added. They must decide whether it is ethical to adhere to the lower labor and environmental standards found in many less developed nations. Then they must decide how best to coordinate and control globally dispersed production activities, which is not a trivial problem. Managers in an international business must also decide which foreign markets to enter and which ones to avoid.

17) D

This is the definition of globalization.

18) C

Originally, the G20 was established to formulate a coordinated policy response to financial crises in developing nations. In 2008 and 2009, it became the forum through which major nations attempted to launch a coordinated policy response to the global financial crisis that started in America and then rapidly spread around the world.

19) B

The globalization of markets refers to the merging of historically distinct and separate national markets into one huge global marketplace. Falling barriers to cross-border trade and investment have made it easier to sell internationally. It has been argued for some time that the tastes and preferences of consumers in different nations are beginning to converge on some global norm, thereby helping create a global market.

20) B

Companies that engage in outsourcing hope to lower their overall cost structure or improve the quality or functionality of their product offering, thereby allowing them to compete more effectively. A global web of suppliers helps to achieve this goal. Early outsourcing efforts were primarily confined to manufacturing activities. Increasingly, however, companies are taking advantage of modern communications technology, particularly the Internet, to outsource service activities to low-cost producers in other nations.

21) A

The most global of markets currently are not markets for consumer products—where national differences in tastes and preferences are still often important enough to act as a brake on globalization—but markets for industrial goods and materials serve a universal need the world over.

22) B

As markets become global, greater uniformity replaces diversity. In an increasing number of industries, it is no longer meaningful to talk about “the German market,” “the American market,” “the Brazilian market,” or “the Japanese market”; for many firms there is only the global market.

23) C

Early outsourcing efforts were primarily confined to manufacturing activities; increasingly, however, companies are taking advantage of modern communications technology, particularly the Internet, to outsource service activities to low-cost producers in other nations.

24) D

Early outsourcing efforts were primarily confined to manufacturing activities; increasingly, however, companies are taking advantage of modern communications technology, particularly the Internet, to outsource service activities to low-cost producers in other nations.

25) A

Substantial impediments make it difficult for firms to achieve the optimal dispersion of their productive activities to locations around the globe. These impediments include formal and informal barriers to trade between countries, barriers to foreign direct investment, transportation costs, and issues associated with economic and political risk.

26) B

As markets globalize and an increasing proportion of business activity transcends national borders, institutions are needed to help manage, regulate, and police the global marketplace, and to promote the establishment of multinational treaties to govern the global business system. The General Agreement on Tariffs and Trade (GATT) is an international treaty that committed signatories to lowering the barriers to the free flow of goods across national borders and led to the WTO.

27) D

The World Trade Organization is primarily responsible for policing the world trading system and making sure nation-states adhere to the rules laid down in trade treaties signed by WTO member states. As of 2021, 164 nations that collectively accounted for 98 percent of world trade were WTO members, thereby giving the organization enormous scope and influence.

28) A

Part of the responsibility of the WTO is to facilitate the establishment of additional multinational agreements between WTO member states. Over its entire history, and that of the GATT before it, the WTO has promoted the lowering of barriers to cross-border trade and investment.

29) B

The IMF is often seen as the lender of last resort to nation-states whose economies are in turmoil and whose currencies are losing value against those of other nations. During the past two decades, for example, the IMF has lent money to the governments of troubled states, including Argentina, Indonesia, Mexico, Russia, South Korea, Thailand, and Turkey.

30) B

The United Nations was established on October 24, 1945, by 51 countries committed to preserving peace through international cooperation and collective security. Today nearly every nation in the world belongs to the United Nations; membership now totals 191 countries.

31) C

The G20 was established in 1999 to formulate a coordinated policy response to financial crises in developing nations. The G20 comprises the finance ministers and central bank governors of the 19 largest economies in the world, plus representatives from the European Union and the European Central Bank.

32) C

The factors of production are labor, energy, land, and capital.

33) C

The World Bank was set up to promote economic development. It has focused on making low-interest loans to cash-strapped governments in poor nations that wish to undertake significant infrastructure investments (such as building dams or roads).

34) D

The IMF was established to maintain order in the international monetary system.

35) D

The IMF was established to maintain order in the international monetary system and has emerged as a significant player in the global economy. The World Bank is the less controversial of the two sister institutions. The IMF is often seen as the lender of last resort to nation-states whose economies are in turmoil and whose currencies are losing value against those of other nations. In return for loans, the IMF requires nation-states to adopt specific economic policies.

36) A

The fact that the volume of world trade has been growing faster than world GDP implies several things. First, more firms are dispersing parts of their production process to different locations around the globe. Second, the economies of the world's nation-states are becoming ever more intertwined. As trade expands, nations are becoming increasingly dependent on each other for important goods and services. Third, the world has become significantly wealthier in the last two decades. The implication is that rising trade is the engine that has helped pull the global economy along.

37) A

International trade occurs when a firm exports goods or services to consumers in another country.

38) B

Under the umbrella of GATT, the most recent negotiations to be completed, known as the Uruguay Round, were finalized in December 1993. The Uruguay Round reduced trade barriers, extended GATT to cover services as well as manufactured goods, and provided enhanced protection for patents, trademarks, and copyrights.

39) C

Moore’s Law predicts that the power of microprocessor technology doubles and its cost of production falls in half every 18 months.

40) B

Containerization has revolutionized the transportation business, significantly lowering the costs of shipping goods over long distances. Before the advent of containerization, moving goods from one mode of transport to another was very labor intensive, lengthy, and costly.

41) B

According to WTO, between 1960 and 2020 the value of the world economy (adjusted for inflation) increased 9 times, while the value of international trade in merchandised goods increased 19.7 times. This actually underestimates the growth in trade, because trade in services has also been growing rapidly in recent decades.

42) A

Foreign direct investment (FDI) occurs when a firm invests resources in business activities outside its home country.

43) C

During 2008–2009, the financial crisis in the United States was triggered by the financial sector of America, where banks had been too liberal in their lending policies to homeowners, swept around the world and plunged the global economy into its deepest recession since the early 1980s, illustrating once more that in an interconnected world a severe crisis in one region can affect the entire globe.

44) D

The relative decline of the United States reflects the growing economic development and industrialization of emerging markets and other industrialized countries, as opposed to any absolute decline in the health of the U.S. economy.

45) C

Beginning in the 1970s, European and Japanese firms began to shift labor-intensive manufacturing operations from their home markets to developing nations where labor costs were lower. In addition, many Japanese firms invested in North America and Europe—often as a hedge against unfavorable currency movements and the possible imposition of trade barriers.

46) D

Throughout the 1990s, the amount of investment directed at both developed and developing nations increased dramatically, a trend that reflects the increasing internationalization of business corporations.

47) D

Among developing nations, the largest recipient of foreign direct investment has been China, which received about $250 billion in inflows last year.

48) B

A multinational enterprise (MNE) is any business that has productive activities in two or more countries.

49) D

Since the 1960s, two notable trends in the demographics of the multinational enterprise have been (1) the rise of non-U.S. multinationals and (2) the growth of mini-multinationals.

50) D

In the past two decades, throughout most of Latin America, debt and inflation are down, governments have sold state-owned enterprises to private investors, foreign investment is welcomed, and the region’s economies have expanded. Brazil, Mexico, and Chile have led the way.

51) B

Greater globalization brings with it risks of its own. The opportunities for doing business in a global economy may be significantly enhanced; however, the risks associated with global financial contagion are also greater.

52) A

Although most international trade and investment are still conducted by large firms, many medium-size and small businesses are becoming increasingly involved in international trade and investment.

53) B

Greater globalization brings with it risks of its own. This was starkly demonstrated in 1997 and 1998 when a financial crisis in Thailand spread first to other East Asian nations and then to Russia and Brazil. Ultimately, the crisis threatened to plunge the economies of the developed world, including the United States, into a recession. Similarly, the spread of the COVID-19 pandemic seriously disrupted global supply chains around the world.

54) C

Throughout most of Latin America, debt and inflation are down, governments have sold state-owned enterprises to private investors, foreign investment is welcomed, and the region's economies have expanded. Brazil, Mexico, and Chile have led the way.

55) C

China continues to move progressively toward greater free market reforms. If what is occurring in China continues for two more decades, China may evolve from a third-world business giant into an industrial superpower even more rapidly than Japan did.

56) A

A multinational enterprise (MNE) is any business that has productive activities in two or more countries.

57) A

Supporters of globalization maintain that the weak growth rate in real wage rates for unskilled workers owes far more to a technology-induced shift within advanced economies away from jobs where the only qualification was a willingness to turn up for work every day and toward jobs that require significant education and skills.

58) D

In one study, the OECD found that real household income (adjusted for inflation) increased by 1.7 percent annually among its member states. The real income level of the poorest 10 percent of the population increased at 1.4 percent annually on average, while that of the richest 10 percent increased by 2 percent annually (i.e., while everyone got richer, the gap between the most affluent and the poorest sectors of society widened).

59) B

A number of econometric studies have found consistent evidence of a hump-shaped relationship between income levels and pollution levels. As an economy grows and income levels rise, initially pollution levels also rise. However, past some point, rising income levels lead to demands for greater environmental protection, and pollution levels then fall.

60) C

NAFTA was passed only after side agreements had been negotiated that committed Mexico to tougher enforcement of environmental protection regulations. Thus, supporters of free trade argue that factories based in Mexico are now cleaner than they would have been without the passage of NAFTA.

61) C

A concern voiced by critics of globalization is that today's increasingly interdependent global economy shifts economic power away from national governments and toward supranational organizations such as the World Trade Organization, the European Union, and the United Nations.

62) A

The World Trade Organization has estimated that if the developed nations of the world eradicated subsidies to their agricultural producers and removed tariff barriers to trade in agriculture, this would raise global economic welfare by $128 billion, with $30 billion of that going to developing nations, many of which are highly indebted.

63) C

Large segments of the population in many countries believe that globalization has detrimental effects on living standards, wage rates, and the environment. Demonstrators have protested against a wide range of issues, including job losses in industries under attack from foreign competitors, downward pressure on the wage rates of unskilled workers, environmental degradation, and the cultural imperialism of global media and multinational enterprises, which was seen as being dominated by what some protesters called the “culturally impoverished” interests and values of the United States.

64) C

While the hump-shaped relationship depicted in Figure 1.5 in the text seems to hold across a wide range of pollutants—from sulfur dioxide to lead concentrations and water quality—carbon dioxide emissions are an important exception, rising steadily with higher income levels.

65) A

The data suggest that over the past two decades, the share of labor in national income has declined. However, detailed analysis suggests the share of national income enjoyed by skilled labor has actually increased, suggesting that the fall in labor's share has been due to a fall in the share taken by unskilled labor.

66) C

There has been little success in moving toward the ambitious goals for reducing carbon emissions laid down in the Earth Summit. In part, this is because the largest emitters of carbon dioxide, the United States and China, have failed to reach agreements about how to proceed. China, a country whose carbon emissions are increasing at a rapid rate, has shown little appetite to adopt tighter pollution controls. As for the United States, political divisions in Congress and a culture of denial have made it difficult for the country to even acknowledge, never mind move forward with, legislation designed to tackle climate change.

67) A

There has been little success in moving toward the ambitious goals for reducing carbon emissions laid down in the Earth Summit. In part, this is because the largest emitters of carbon dioxide, the United States and China, have failed to reach agreements about how to proceed.

68) A

Despite the large gap between rich and poor nations, there is evidence of substantial progress. According to data from the World Bank, the percentage of the world’s population living in poverty has declined substantially over the last three decades. The world is getting better, and many economists would argue that globalization, and the opportunities it offers to the world’s poorer nations to improve their lot, has much to do with this.

69) C

Many of the world's poorer nations are being held back by large debt burdens. Of particular concern are the 40 or so “highly indebted poorer countries” (HIPCs), which are home to some 700 million people. Among these countries, the average government debt burden has been as high as 85 percent of the value of the economy, as measured by gross domestic product, and the annual costs of serving government debt consumed 15 percent of the countries’ export earnings. Servicing such a heavy debt load leaves the governments of these countries with little left to invest in important public infrastructure projects, such as education, health care, roads, and power. The result is the HIPCs are trapped in a cycle of poverty and debt that inhibits economic development.

70) C

Free trade alone, some argue, is a necessary but not sufficient prerequisite to help HIPCs out of poverty. Instead, large-scale debt relief is needed for the world's poorest nations to give them the opportunity to restructure their economies and start the long climb toward prosperity. Supporters of debt relief also argue that new democratic governments in poor nations should not be forced to honor debts that were incurred and mismanaged long ago by their corrupt and dictatorial predecessors. In the late 1990s, a debt relief movement began to gain ground among the political establishment in the world's richer nations. Fueled by high-profile endorsements from Irish rock star Bono, the Dalai Lama, and influential Harvard economist Jeffrey Sachs, the debt relief movement was instrumental in persuading the United States to enact legislation in 2000 that provided $435 million in debt relief for HIPCs. The IMF and World Bank have picked up the banner and have embarked on a systematic debt relief program.

71) D

An international business is any firm that engages in international trade or investment. A firm does not have to become a multinational enterprise, investing directly in operations in other countries, to engage in international business, although multinational enterprises are international businesses.

72) D

An international business is any firm that engages in international trade or investment. A firm does not have to become a multinational enterprise, investing directly in operations in other countries, to engage in international business, although multinational enterprises are international businesses.

73) D

Conducting business transactions across national borders requires understanding the rules governing the international trading and investment system. Managers in an international business must also deal with government restrictions on international trade and investment.

74) B

As their organizations increasingly engage in cross-border trade and investment, managers need to recognize that the task of managing an international business differs from that of managing a purely domestic business in many ways. At the most fundamental level, the differences arise from the simple fact that countries are different.

75) A

A firm does not have to become a multinational enterprise, investing directly in operations in other countries, to engage in international business, although multinational enterprises are international businesses. All a firm has to do is export or import products from other countries.

76) B

Managing an international business is different from managing a purely domestic business for at least four reasons: (1) countries are different, (2) the range of problems confronted by a manager in an international business is wider and the problems themselves more complex than those confronted by a manager in a domestic business, (3) an international business must find ways to work within the limits imposed by government intervention in the international trade and investment system, and (4) international transactions involve converting money into different currencies.

77) FALSE

78) TRUE

79) TRUE

80) FALSE

81) FALSE

82) FALSE

83) FALSE

84) TRUE

85) TRUE

86) TRUE

87) FALSE

88) FALSE

89) TRUE

90) TRUE

91) TRUE

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93) TRUE

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95) TRUE

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100) FALSE