Example Test Questions: Econ 188

1. The term globalism or globalization generally refers to ______.
   a. increasing loyalty to your own country
   b. global competition characterized by networks that bind countries, institutions, and people.
   c. competition in an increasingly borderless world
   d. b and c only

2. Which of the following is correct about measuring globalization:
   a. The United States is the most globalized country.
   b. Globalization is measured using only economic factors.
   c. Trade, travel, technology, and links with the rest of the world are four comprehensive measures of globalization.
   d. The United States leads all countries in trade, travel, and links with the rest of the world.

3. The hostility to the takeover of Europe's largest steel company, Acelor, by India's Mittal Steel illustrates
   a. the decrease in nationalism and increase in globalism.
   b. the backlash against globalism.
   c. the decline in competitiveness in the steel industry.
   d. cultural differences about the benefits of takeovers.

4. Small and medium-sized enterprises (SMEs)
   a. are generally not competing internationally.
   b. are major investors in world markets.
   c. face good opportunities currently as a result of trade shows, export initiatives, and the Internet.
   d. are unaffected by globalism

5. Gayle Warwick Fine Linen owes its success primarily to ______.
   a. a large dedicated staff in England
   b. the ability to source embroiderers and skilled craftspeople in Vietnam
   c. the fact that she speaks French fluently
   d. all of the above

6. China has enjoyed recent success as an export powerhouse built upon its ______.
   a. strengths of low costs and flow of capital
   b. geographic location in the world
   c. high educational standards
   d. close ties with Japan

7. Which of the following statements is not correct about China?
   a. China joined the WTO in 2002
   b. One of China's key strengths is its excellent infrastructure
c. China is stuck halfway between a command economy and a market economy
d. China continues to enjoy significant inflows of money from ethnic Chinese outside of China

8. What is Global Management?
Global Management is the process of developing strategies, designing and operating systems, and working with people around the world to ensure sustained competitive advantage.

9. Name some global brands that sell more in markets other than the country of their origin.
Coke (USA), Ikea (Sweden), Nestlé (Switzerland), Proctor and Gamble (USA). Students should be able to find many more.

10. How would you characterize the Chinese economy today?
Having achieved its quest to join the World Trade Organization (WTO) in 2002, China’s gross domestic product (GDP) growth rate (10.7% in 2006) has been the fastest growth rate in the world for several years. Its low wage workers and vast consumer market have attracted offshoring of manufacturing from companies around the world. For example, there are 49,000 American companies operating in China. The country, however, seems stuck halfway between a command economy and a market economy, with both private and public sector firms operating simultaneously. China attracts considerable foreign investment despite arbitrary legal systems and underdeveloped infrastructure.

11. What is SAARC?
SAARC stands for South Asia Association of Regional Cooperation - an association of seven developing South Asian nations. According to the Agreement that was effective January 1, 2006, the countries will lower tariffs by 25% within three to five years and eliminate them within seven years. Trade in South Asia is estimated at $14 billion, although the majority of that trade will take place between India and Pakistan, the two largest members.

The goal of the NAFTA was to bring faster growth, more jobs, better working conditions, and a cleaner environment for Mexico, Canada and the U.S. as a result of increased exports and trade.

13. What are some of the world-wide trends that affect the global economy and present new challenges for global managers?
Sweeping political, economic, and social changes around the world present new challenges for global managers. Almost all nations today are beginning to develop decentralized, free-market systems, are moving away from communism with an increasing trend toward privatization in order to manage in a global economy of intense competition and complex high-tech industrialization.
14. Why have foreign investors recently become wary of Russia?
Until recently, Russia has been regarded as more politically stable. New land, legal, and labor codes, as well as the now-convertible ruble, have encouraged foreign firms to take advantage of opportunities in Russia, especially given the vast natural resources and well-educated population. Things have changed however. As the Financial Times article (May 16, 2006) quoted in the chapter states - "The investment climate is clouded by the increasing willingness...of the Russian government to intervene in the economy." This intervention was aptly illustrated by the breakup of the Yukos oil group. In addition, about two dozen companies have come under the control of the Kremlin in the last few years, including newspapers and banks.