Study Questions

Lecture 2
Institutions of the International Economy

Part 1: Multiple Choice

Select the best answer of those given.

1. Which of the following is not one of the international economic institutions that were created at the end of World War II?
   a. International Monetary Fund
   b. International Bank for Reconstruction and Development
   c. General Agreement on Tariffs and Trade
   d. World Trade Organization
   e. World Bank

2. During the half century since the end of World War II,
   a. The major currencies of the world, which initially had flexible exchange rates, have become fixed.
   b. The World Bank has switched from providing assistance to poor countries to primarily settling transactions among rich countries.
   c. The GATT has been transformed into the WTO.
   d. The IMF has changed from being a members-only bank to being a mutual fund for investment in emerging-economy stock markets.
   e. Tariffs levied by developed countries against developing-country exports have increased.

3. Which of the following was the name of one of the GATT negotiating rounds?
   a. NAFTA
   b. Wilbur
   c. Nixon
   d. Seattle
   e. Uruguay
4. Which of the following is not an example of an international public good?
   a. Open markets in a recession
   b. Capital flows to less-developed countries
   c. Money for settlement of international debts
   d. Coordination of last resort lending
   e. Exploration for new oil deposits

5. Near the end of World War II, the architecture of the postwar economic environment was constructed at a conference of the major Western powers held at?
   a. Geneva, Switzerland
   b. Bretton Woods, New Hampshire
   c. New York City
   d. Versailles, France
   e. Stratford on Avon, England

6. How many countries are member of the G-20?
   a. 7
   b. 8
   c. 19
   d. 20
   e. 24

7. In the article by Paul Blustein, a journalist reporting on breakup of the Potsdam Meeting on June 21, 2007, he attributes the deadlock in part to
   a. China’s refusal to increase the value of its currency.
   b. The developing countries’ reluctance to reduce farm subsidies.
   c. The effort of Boeing and Airbus to form a single company.
   d. The European Union’s unwillingness to reduce protection of agriculture.
   e. Mis-management by the IMF of financial crises.
Part II: Short Answer

Answer in the space provided.

1. Define the following terms:
   a. Conditionality
   b. National Treatment
   c. Free Riding
   d. G-7

2. What was the Marshall Plan?

3. Who, according to the Web site The Global Economy, are “the Three Stooges of Corporate Folly”?

4. What is the current status of the Doha Development Round?
5. Which of the following are problems that Desmond Lachman, author of “The World Has Changed, Why Won't the Fund and the Bank?,” argues that one of the international institutions should be attending to? Check all that apply.

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<thead>
<tr>
<th>Problem</th>
<th>Institution</th>
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<tr>
<td>Poverty</td>
<td>World Bank</td>
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<td>Payments imbalances</td>
<td>IMF</td>
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<td>Tariffs</td>
<td>World Bank</td>
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<td>Exchange-rate manipulation</td>
<td>WTO</td>
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<td>WTO</td>
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<td>IMF</td>
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<td>IMF</td>
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<tr>
<td>Repayment of loans</td>
<td>World Bank</td>
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<td>Non-tariff barriers</td>
<td>WTO</td>
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6. What do the following acronyms stand for?

a. MFN

b. ITO

c. WIPO

d. GATT

e. EME