

## Study Questions

### Lecture 21 International Policies for Economic Development: Aid

#### Part 1: Multiple Choice

Select the **best** answer of those given.

1. What is the Millennium Challenge Account?
  - a. A global fund for providing medical assistance to victims of AIDS, tuberculosis, and malaria.
  - b. A new source of international reserves set up by the International Monetary Fund to be used by central banks of developing countries.
  - c. A pot of money provided by Bill Gates and George Soros, to be used as matching grants for promoting political reform in developing countries.
  - d. A performance-based aid program that would provide assistance only to countries with a proven record of good policies.
  - e. A proposed new name for the current account.
  
2. Which of the following is a valid reason why the United States should seek to reduce poverty in developing countries?
  - a. Poor foreign workers are undernourished and cannot produce profitably in American-owned factories abroad.
  - b. As incomes in developing countries rise, their people will contribute more to the causes championed by US nongovernmental organizations.
  - c. Poor countries can be breeding grounds for terrorists and extremists.
  - d. Poor people would rather enjoy leisure than buy US-made goods.
  - e. As incomes of developing countries rise, they are more likely to start wars with each other, and this provides a market for US-made armaments.

3. What country, in 2005, gave the largest amount of official development assistance in proportion to its Gross National Income?
  - a. Austria
  - b. Japan
  - c. Norway
  - d. France
  - e. United States
  
4. What is missing, in measures of official development assistance, that may make figures like those cited in question 3 misleading?
  - a. Aid provided by private individuals and foundations
  - b. Aid the governments give for humanitarian assistance
  - c. Aid that countries give to individual other countries, rather than through multilateral institutions
  - d. Foreign direct investment
  - e. Aid that is given for political purposes
  
5. How much aid, as a fraction of their incomes, did the people behind the "Live 8" concerts want the G8 to commit to?
  - a. 0.07%
  - b. 0.20%
  - c. 0.70%
  - d. 1.20%
  - e. 1.70%
  
6. Suppose that USAID (the United States Agency for International Development) in Washington were to fund an infrastructure project in, say, Ghana, paying a US construction firm to build a road there. Which of the following are among Eberstadt and Adelman's "characteristics for success" that are violated by this project?
  - a. Local ownership and initiative, since local government is not involved.
  - b. Partnership, since the USAID alone initiates the project.
  - c. Leverage, since USAID pays for it itself.
  - d. All of the above.
  - e. None of the above.



2. Go to the Doing Business website, and answer the following from its rankings for 2012. The website is at <http://www.doingbusiness.org/rankings>
  - a. What country ranked No. 1 in terms of overall Ease of Doing Business
  - b. How many countries (and other units, such as Hong Kong) are included in the rankings?
  - c. In what category does the US rank highest, and in what does it rank lowest?
  - d. Is China in the top half of the rankings or in the bottom half?
  - e. Does Mexico rank higher or lower than China?
  - f. What country in the Western Hemisphere ranks lowest?
  - g. What country in the Western Hemisphere does not appear in the rankings?