

International Cooperation

Final Exam (Part 2) Study Guide

Note: Below is a list of study questions for the upcoming Final exam (Monday, June 14). Please answer them (all of them or as many as you can) as a way of preparing for your final. Most, if not all, of the study questions here will appear in the exam. (Some of them could also appear in a slightly different format than shown here.) Since you don't know which ones will be in the exam, it would be a good idea to answer all of them. Please don't ask me for the answers although you can ask me for clarification of the questions. Also, there could be some other questions on the exam that are not found on this list. The best way to use this study guide is to try to answer all the questions as best as you can on your own and then compare your answers with those of your classmates'. Then *discuss* why your answers are different so that you learn the reason why. Form a study group if you can. –Rudy

Supplement 9:

1. According to the article, the countries (or governments) that are expected to buy the bonds that the IMF will issue for its new \$500 billion emergency loan program include fast-growing emerging economic powers like
 - a. China, India and Slovakia
 - b. Russia and China
 - c. Brazil and Argentina
 - d. all of the above
 - e. only (b) and (c) above
2. Bond prices and interest rates are related in such a way that
 - a. market interest rates and bond prices are directly (or proportionally) related
 - b. when the price of the bond is high, the market interest rate is high
 - c. when the price of the bond is low, the market interest rate is high
 - d. all of the above
 - e. only (a) and (b) above

Supplement 10:

3. According to the article, the criticism(s) directed at the IMF during the Asian financial crisis in 1997-1998 include:
 - a. when the IMF was supposed to provide foreign exchange badly needed by those countries suffering from the financial crisis, it did not do so in a timely manner
 - b. when the IMF finally provided badly needed foreign exchange, it set the condition that these countries should *not* pursue policies to counter the downturn, which was counterproductive and so worsened the downturn in these countries
 - c. telling those countries suffering from the financial crisis that if they did not pile up their foreign exchange reserves, they will not be able to borrow from the IMF the next time around
 - d. all of the above
 - e. only (a) and (b) above
4. According to the author of the article, the main purpose(s) of the IMF lending in the current economic crisis should include
 - a. allowing the low and middle-income countries to do adopt stimulus packages to counter the downturn or recession
 - b. allowing the low and middle-income countries to solve their balance-of-payment problems on their own without IMF help
 - c. allowing the low and middle-income countries to do more what the rich countries are doing
 - d. all of the above
 - e. only (a) and (c) above

Supplement 11 and 12:

5. According to one of the articles, the other pacts or agreements to be signed between China and Taiwan include
 - a. one permitting cooperation on cross-border criminal investigations
 - b. a general framework in which banks would be allowed to open branches in the other side's territory
 - c. allowing for the creation of a currency-clearing mechanism
 - d. all of the above
6. In earlier rounds (the first two rounds) of negotiations, the two sides had agreed
 - a. to begin daily charter flights (from a regular weekend schedule)
 - b. on direct sea and postal (mail) service
 - c. to increase the number of Chinese tourists visiting Taiwan
 - d. all of the above
 - e. only (a) and (b) above
7. If Taiwan believes that it will benefit from the increased cooperation (or partial trade agreement) with China, it is likely because
 - a. Taiwan's president, Ma Ying-jeou, believes that the increased cooperation is necessary to help Taiwan maintain its competitive standing in the region
 - b. China's economic growth has lagged behind Taiwan's in recent years
 - c. Taiwan's economic growth has lagged behind China's in recent years
 - d. only (a) and (c) above
 - e. only (a) and (b) above

Supplement 13 and 14:

8. According to the author of one of the two articles, the significance or importance of the creation of the Asian Joint Fund (AJF) for the members of the ASEAS-plus-Three comes from

- a. it being an added shield or protection from a currency crisis
 - b. it being a step forward in the cooperation in the Asian region
 - c. it being a step toward a possible Asian Monetary Fund
 - d. all of the above
9. According to the author of one of the two articles, the obstacle(s) that the member countries had to overcome in the creation of the Asian Joint Fund (AJF) included
- a. checks (or limitations on what the members could contribute to the AJF) from the United States
 - b. a struggle between China and Japan as to who would lead the AJF
 - c. South Korea's unwillingness to give as much as half of China's or Japan's contribution
 - d. all of the above
 - e. only (a) and (b) above
10. According to the author of one of the two articles, the list of things that Asian countries did during the first economic crisis in the late 1990s that earned them the "reward" of another crisis (the current one coming from the U.S.) includes
- a. increasing their savings rate
 - b. enduring or suffering through difficult restructurings like privatization or consolidation
 - c. exporting their way out of the crisis
 - d. all of the above
 - e. only (a) and (c) above
11. The kind of incentive(s) given to foreign investors in an Economic Free Zone (EFZ) like the one in Incheon in Korea include
- a. favorable tax breaks, say, in terms of lower taxes
 - b. favorable interest rates (meaning low) on loans from local banks
 - c. profit repatriation, or allowing the foreign company to send profits they made (say, in Korea) back to its home country
 - d. all of the above
 - e. only (a) and (b) above
12. The \$500 million Credit Guarantee and Investment Mechanism (CGIM) was created for the purpose purpose(s) of
- a. making foreign investors confident about buying Asian bonds
 - b. providing some insurance to bondholders/investors in case of default by the bond-issuing Asian company
 - c. helping to grow and develop the Asian bond market and prevent or avoid capital outflows
 - d. all of the above
 - e. only (a) and (c) above

Supplement 15:

13. The reason(s) why the S. Korea-EU FTA is stalled (i.e., not moving forward) is because a number of issues in the proposed trade agreement remain unresolved, including
- a. the country of origin (or rules of origin) issue
 - b. the duty drawback issue (or the "refund" practice allowed South Korean exporters)
 - c. the timetable for eliminating Europe's 10 percent tariff on imported cars
 - d. all of the above
 - e. only (a) and (b) above
14. On the country of origin (or rules of origin) issue, South Korea, which imports many cheap parts from China, is proposing that the percentage of a finished (exported) product made with imported materials and still be labeled as "Made in Korea" should be _____ while the EU is proposing _____.
- a. no more than (or a threshold of) 50 %; no more than (or a threshold of) 40 %
 - b. no more than (or a threshold of) 40 %; no more than (or a threshold of) 50 %;
 - c. flexible rules; fixed at no more than 40 %
 - d. fixed at no more than 40 %; flexible rules
 - e. (a) and (c) above

Supplement 16

15. In return for bailout money, the austerity measures Greece is being asked to accept include
- a. members of its Parliament will give up most of their bonuses but some of it will be retained
 - b. workers or employees of the public sector (government) will receive lower salaries
 - c. retired government workers (retired civil servants) will receive smaller pensions
 - d. all of the above
 - e. only (b) and (c) above
16. The important agencies or entities that were involved in the negotiations for the Greek bailout included
- a. the European Union and the Federal Reserve Bank of the U.S.
 - b. the IMF
 - c. the European Central Bank
 - d. all of the above
 - e. (b) and (c) above