

International Cooperation

Quiz #2 Study Guide

Note: Below is a list of study questions for the upcoming Quiz #2 (Mon., April 19; the quiz covers Supplements 4, 7, 8 and supplementary notes during class. Please answer the questions (all of them or as many as you can) as a way of preparing for your quiz. Most, if not all, of the study questions here will appear in the quiz. (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 quiz, 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 quiz 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

Instructions: The first part (Part 1) of the quiz is closed notes, meaning you are not allowed to use your notes. You may use a dictionary but *only* a dictionary and nothing else. *No* sharing of dictionary allowed. Bring your own. On the multiple choice questions, circle the correct answer. There is only *one* correct answer in each multiple choice question. The second part (Part 2), after you have completed Part 1, is essay---one essay question to answer. The essay part is open notes. So bring your notes for this part.

Part 1

1. According to the article “In China’s Stimulus Spending, . . .”, China’s unusual position that it is exploiting during the current (at the time) global crisis comes from
 - a. a weak banking system while other countries have a strong banking system
 - b. a strong banking system that depends heavily on U.S. and European businesses for growth
 - c. low cash (dollar) reserves that are lower than other big Asian countries like Japan and S. Korea
 - d. plenty of cash (dollar) reserves which provides liquidity and a strong banking system
2. According to the article, China wants to exploit its unusual position in order to
 - a. acquire natural resources
 - b. not make as many new friends
 - c. limit job opportunities for Chinese college graduates
 - d. all of the above
 - e. (a) and (b) only
3. What is the relationship between productivity and a country’s standard of living?
4. China’s plan to boost its productivity and long-term competitiveness includes
 - a. more spending on research and development
 - b. more spending on roads, bridges, and ports
 - c. more spending on education
 - d. all of the above
 - e. only (a) and (b) above
5. Thing(s) that the Chinese authorities tried in four years but failed to do yet the global economic slowdown was able to do include(s)
 - a. popping or bursting the real estate bubble
 - b. making China less dependent on exports to other countries
 - c. keeping inflation going higher
 - d. all of the above
 - e. only (a) and (b) above
6. The Prime Minister of China is _____ and the Prime Minister of Britain is _____.
 - a. Wen Jiabao; Timothy Geithner
 - b. Hu Jintao; Gordon Brown
 - c. Wen Jiabao; Gordon Brown
 - d. Hu Jintao; Angela Merkel
7. The Treasury Secretary of the U.S. is _____ and the Chancellor of Germany is _____.
 - a. Gordon Brown; Angela Merkel
 - b. Timothy Geithner; Gordon Brown
 - c. Hu Jintao; Angela Merkel
 - d. Timothy Geithner; Angela Merkel
8. The weakness or weaknesses of the Chinese economy include(s)
 - a. government policies on labor and the environment that make it easy for low-tech Chinese companies to stay and do business in China
 - b. the presence or existence of a social safety net
 - c. an unbalanced spending that relies heavily on capital spending rather than consumption spending
 - d. all of the above
 - e. only (a) and (c) above

9. The world's top three economies in terms of the size of Gross Domestic Product (GDP) include
- China, U.S.A., Germany
 - Japan, China
 - U.S.A.
 - all of the above
 - (b) and (c)
10. Aside from giving the IMF new capital, the other step(s) announced/detailed by Prime Minister of Britain during the G-20 meeting included
- new regulations on hedge funds and rating agencies
 - publicly identifying tax havens if they don't share tax information
 - subjecting tax havens to sanctions if they don't share tax information
 - all of the above
 - only (b) and (c) above
11. According to the article, the new money or capital that some member countries or groups promised/pledged to contribute to the IMF included a promise or pledge that
- China would give (or contribute) \$40 billion
 - Japan and the European Union each would give \$100 billion
 - the U.S. would give more than \$100 billion
 - all of the above
 - only (a) and (b) above
12. What was the most public dispute or disagreement between the leaders of the G-20?
13. According to the article, which G-20 member countries are likely to be in favor of calling (advocating) the overhaul of the management of the IMF because they are now bigger countries than before (to better reflect their growing importance because of their bigger economic weights or GDP)?
- U.S.A.
 - China
 - India and other emerging nations
 - all of the above
 - only (b) and (c)
14. Which banks are mentioned as examples of "systematically important" financial institutions in the world?
15. What are the immediate benefits of the global recession for China?
16. Which items did the G-20 leaders agree on and did *not* agree on?

Part 2

1. An essay question