

Student: \_\_\_\_\_

1. The global economy is moving progressively towards a world in which national economies are relatively isolated from each other.  
True False
2. It is a necessity for a company to be large in order to become efficient in globalization.  
True False
3. Because of the global presence of widely accepted products like McDonalds, Coca-Cola, and Sony PlayStation, national markets are all but disappearing.  
True False
4. To benefit from the globalization of markets, a company has to be a multinational firm.  
True False
5. Currently the most global of markets are for industrial goods and materials that serve a universal need the world over.  
True False
6. Although many companies have lowered their overall cost structure and have improved the quality of their products by dispersing their production activities to locations around the world, this activity is confined primarily to large firms.  
True False
7. General Agreement on Tariffs and Trade is what the acronym GATT stands for.  
True False
8. As markets globalize and an increasing proportion of business activity transcends national borders, there is a need for institutions to help manage, regulate and police the global market place.  
True False
9. The International Monetary Fund and the World Bank were both created in 1944 by 44 nations that met at Bretton Woods, New Hampshire.  
True False
10. The International Monetary Fund (IMF) is often seen as the leader of last resort to nation state whose economies are in economic turmoil.  
True False
11. In addition to reducing trade barriers, many countries have also been progressively removing restrictions on barriers to foreign direct investment.  
True False
12. The advanced nations of the East committed themselves after World War II to removing barriers to the free flow of goods, services, and capital between nations.  
True False
13. There is very little evidence that suggests that the lowering of trade barriers has facilitated the globalization of production.  
True False
14. The volume of world output has grown faster than the volume of world trade since the 1950s, according to data from the World Trade Organization.  
True False

15. Surprisingly, despite the importance of technology in our everyday lives, technological change has played only a minor role in the globalization of markets.  
True False
16. Most forecasts now predict a rapid rise in world output accounted for by developing nations such as China, India, and South Korea, and a rapid decline in the share enjoyed by rich industrialized countries such as Canada, Britain and the United States.  
True False
17. Many of tomorrow's economic opportunities may be found in the developing nations of the world.  
True False
18. The stock of foreign direct investment refers to the total cumulative value of foreign assets in a country.  
True False
19. In the 1960s global business activity was dominated by large Japanese multinational corporations.  
True False
20. Although most international trade and investment is still conducted by large firms, small to medium sized firms are increasingly involved in international trade and investment.  
True False
21. Economists argue that increased international trade and cross-border investments will result in higher prices for goods and services, although there are many benefits to globalization.  
True False
22. It is commonly believed that globalization stimulates economic growth, creates jobs, and raises income levels.  
True False
23. Any firm that engages in international trade or investment is an international business.  
True False
24. The trend toward a more integrated and interdependent global economic system that has been in place for many years is commonly referred to as:  
A. market standardization  
B. cross-border integration  
C. globalization  
D. consumerism  
E. nationalization
25. The two of the three main components of globalization are:  
A. the globalization of markets and the globalization of production  
B. the globalization of production and the globalization of finance  
C. the standardization of technology and the globalization of markets  
D. the globalization of finance and the globalization of accounting  
E. the globalization of consumers and the globalization of marketing
26. Sourcing goods and services from locations around the globe is known as \_\_\_\_\_.  
A. melding of markets  
B. integration of markets  
C. deregulation  
D. globalization of production  
E. globalization of markets

27. The global dispersal of productive activities is:
- A. limited to large firms only
  - B. limited to medium firms only
  - C. limited to small firms only
  - D. limited to large and medium firms
  - E. found in all sized firms
28. The most global of markets is in what area?
- A. services
  - B. consumer goods
  - C. industrial goods
  - D. intellectual capital
  - E. entertainment
29. The most global of markets are not markets for \_\_\_\_\_, where national differences in tastes and preferences are still often important enough to act as a break on globalization.
- A. services
  - B. consumer goods
  - C. staples
  - D. insurance and banking
  - E. industrial goods
30. Examples of \_\_\_\_\_ include Coca-Cola and Pepsi, Ford and Toyota, Bombardier and Embraer, and Caterpillar and Komatsu.
- A. service goods
  - B. international brands
  - C. homogeneous products
  - D. global competition
  - E. market integration
31. Globalization results in a greater degree of \_\_\_\_\_ across markets than would be present otherwise.
- A. diversification
  - B. diversity
  - C. homogeneity
  - D. heterogeneity
  - E. uniformity
32. The globalization of \_\_\_\_\_ refers to the sourcing of goods and services from locations around the globe to take advantage of national differences in the cost and quality of factors of production (such as labour, energy, land, and capital).
- A. information technology
  - B. process design
  - C. markets
  - D. production
  - E. R&D
33. The \_\_\_\_\_ was created in 1944 by 44 nations that met in Breton Woods, New Hampshire.
- A. International bank
  - B. World Monetary Fund
  - C. World Trade Organization
  - D. International Monetary Fund
  - E. United Nations

34. In producing its electronics products, Sony Corporation sources goods and services from different locations around the globe in an attempt to take advantage of national differences in the cost and quality of factors of production. This practice is made possible by the globalization of:
- A. finance
  - B. production
  - C. markets
  - D. process design
  - E. consumer demand
35. According to the text, the propensity of firms to outsource many of their productive activities to different suppliers around the world has resulted in the creation of \_\_\_\_\_ products.
- A. multi-domestic
  - B. cross-national
  - C. global
  - D. cross-cultural
  - E. transborder
36. The \_\_\_\_\_ is seen as the lender of last resort to nation-states whose economies are in turmoil and currencies are losing value against those of other nations.
- A. International Monetary Fund
  - B. International bank
  - C. United Nations
  - D. Canada's Export Development Corporation
  - E. Bank of Canada
37. \_\_\_\_\_ are the two macro factors that seem to underlie the trend toward greater globalization.
- A. The increase in global economic stability, and the slowdown in technological change
  - B. The increase in barriers to the free flow of goods, services, and capital that has occurred since the end of World War II, and global economic stability
  - C. The decline in barriers to the free flow of goods, services, and capital that has occurred in the past 10 years, and the slowdown in technological change
  - D. The decline in barriers to the free flow of goods, services, and capital that has occurred since the end of World War II, and technological change
  - E. Technological Change and the convergence of global product preferences
38. With membership of 189 countries, the \_\_\_\_\_ was established to preserve peace through international cooperation and collective security.
- A. World Monetary Fund
  - B. The International Monetary Fund
  - C. International bank
  - D. United Nations
  - E. NATO
39. Matrikon exports a number of products to users in other countries. This practice is referred to as \_\_\_\_\_.
- A. world exchange
  - B. international trade
  - C. cross-national barter
  - D. situational commerce
  - E. multinational diversification
40. XYZ, Inc. is an auto parts distributing warehouse that exports many of its products to consumers in other countries. XYZ Inc. can be described as engaging in:
- A. international trade.
  - B. cross-border investments.
  - C. product development.
  - D. trading barriers.
  - E. international procurement.

41. Which of the following refers to the exporting of goods or services to consumers in another country?
- A. situational commerce
  - B. world exchange
  - C. international trade
  - D. cross-national barter
  - E. foreign investment
42. Although Inco is a Canadian company, it has invested substantial business resources in activities outside Canada. This practice is referred to as:
- A. transnational commerce
  - B. foreign direct investment
  - C. international trade
  - D. organizational diversification
  - E. outsourcing
43. The investing of resources in business activities outside a firm's home country is referred to as:
- A. international trade
  - B. domestic direct investment
  - C. transnational barter
  - D. foreign direct investment
  - E. outsourcing
44. The \_\_\_\_\_ is a treaty designed to remove barriers to the free flow of goods, services, and capital between nations.
- A. Global Agreement on Tariffs and Commerce
  - B. United Nations Treaty on Trade
  - C. General Agreement on Tariffs and Trade
  - D. Multi-National Agreement on Tariffs and Commerce
  - E. The ILO
45. Under the umbrella of GATT there have been eight rounds of negotiations among member states. The \_\_\_\_\_ was the most recent round of negotiations.
- A. Uruguay Round
  - B. Malaysian Symposium
  - C. German Round
  - D. New Zealand Symposium
  - E. Cancun Round
46. Which of the following was not an outcome of the Uruguay Round of the GATT?
- A. reduced trade barriers
  - B. extended GATT to cover services as well as manufactured goods
  - C. established the World Trade Organization
  - D. provided extended protection for patents, trademarks, and copyrights
  - E. reduced agricultural subsidies
47. The acronym GATT stands for:
- A. Global Agreement on Taxation and Tariffs
  - B. Global Association of Technology and Trade
  - C. General Agreement on Taxation and Trademarks
  - D. General Agreement on Tariffs and Trade
  - E. General Accord of Transportation and Trade
48. The agency established at the 1993 Uruguay Round to police the international trading system is the \_\_\_\_\_.
- A. Global Trade Enforcement Administration
  - B. World Tariff and Trade Bureau
  - C. International Trade Enforcement Agency
  - D. World Trade Organization
  - E. The European bank of Reconstruction and Development

49. Suppose Petro Canada, an international oil company, had a complaint about a trade issue. The \_\_\_\_\_, a governing body established at the Uruguay Round in 1993 to police the international trading system, is an organization that Petro Canada could take its complaint to.
- A. World Trade Organization
  - B. International Trade Monitoring Bureau
  - C. World Tariff and Trade Agency
  - D. International Trade Monitoring Agency
  - E. The United Nations
50. The acronym WTO stands for:
- A. Western Trade Organization
  - B. World Tax Organization
  - C. World Trade Organization
  - D. World Tariff Organization
  - E. World Trade Operations
51. Average tariff rates have \_\_\_\_\_ since 1950.
- A. risen
  - B. fallen
  - C. stayed the same
  - D. risen then fallen
  - E. fallen then risen
52. Many of the changes that countries have made pertaining to foreign direct investment regulations have:
- A. made it harder for foreign companies to enter their markets
  - B. made it easier for foreign companies to enter their markets
  - C. had no effect on the ease upon which foreign companies can enter their markets
  - D. made it easier for foreign producers of raw materials to enter their markets but more difficult for foreign . producers of finished products to enter their markets
  - E. prevented the expropriation of business assets by a foreign government
53. Which of the following statements is consistent with data from the World Trade Organization?
- A. the volume of world trade has grown faster than the volume of world output since the 1950s.
  - B. the volume of world trade has grown slower than the volume of world output since the 1950s.
  - C. the volume of world trade and the volume of world output have grown at approximately the same rate since the 1950s.
  - D. the volume of world trade and the volume of world output have remained constant since the 1950s.
  - E. the volume of world trade is inversely related to the growth of world output.
54. According to your text, between 1950 to 2000, as world trade expanded by 20 times, world output grew by about \_\_\_\_\_.
- A. 12 percent
  - B. 1 percent
  - C. 25 percent
  - D. 6½ times
  - E. 20 times
55. The average yearly outflow of FDI increased from about \$14 billion in 1970 to a record of \_\_\_\_\_ in 2000.
- A. \$550 billion
  - B. \$73 billion
  - C. \$1.3 trillion
  - D. \$2.75 trillion
  - E. \$11.8 trillion

56. The lowering of trade barriers to international trade has
- A. enabled firms to approach the world as their market
  - B. enabled firms to be a domestic company in their home country.
  - C. decreased the volume of production.
  - D. created an increase of diverse partnerships.
  - E. encouraged firms to retrench in their home markets.
57. Like the world trade, the flow of FDI has fallen over \_\_\_\_\_ in 2001 to \$647 billion.
- A. 25 percent
  - B. 60 percent
  - C. 40 percent
  - D. 6 percent
  - E. 35 percent
58. By 2000 the global stock of FDI was greater than \_\_\_\_\_ and resulted in global sales of \_\_\_\_\_.
- A. \$1.3 trillion; 647 billion
  - B. \$8 trillion; \$19 trillion
  - C. \$2.9 trillion; \$8.35 trillion
  - D. \$5 trillion; \$11 trillion
  - E. \$6 trillion; \$14 trillion
59. Evidence suggests that FDI is playing a(n):
- A. decreasing role in the world economy
  - B. increasing role in the world economy for services but a decreasing role in the world economy for manufactured goods
  - C. increasing role in the world economy for manufactured goods but a decreasing role in the world economy for services
  - D. increasing role in the world economy
  - E. a limited role in the world economy
60. Which of the following is a major cause for lowering the trade barriers of markets and production?
- A. Technological change
  - B. Increased labour mobility
  - C. Elastic demand
  - D. Corporate greed
  - E. Consumer demand
61. According to our textbook, the growing integration of the world economy is:
- A increasing the intensity of competition within the home market of a company in a wide range of . manufacturing and service industries
  - B decreasing the intensity of global competition in manufacturing industries, and increasing the intensity . of domestic competition in services
  - C increasing the intensity of global competition in manufacturing industries, and decreasing the intensity . of domestic competition in services
  - D. narrowing the scope of global competition in a wide range of service, commodity, and manufacturing industries
  - E Widening the opportunities for competing with manufacturing companies within their home market and . narrowing the opportunities for competing with service companies in their home market.
62. According to our textbook, the single most important technological innovation has been the development of the \_\_\_\_\_.
- A. telegraph
  - B. microprocessor
  - C. ocean container
  - D. airplane
  - E. telephone

63. \_\_\_\_\_ is the theory that predicts that the power of microprocessor technology doubles and the cost of production falls every 18 months.
- A. Brennan's Theorem
  - B. Bailey's Law
  - C. Moore's Law
  - D. Ivan's Law
  - E. Global Micro Accelerant (GMA) Law
64. According to your textbook, between 1930 and 1990, the cost of a three-minute phone call between New York and London fell from \$244.65 to \$3.32. This decrease can be mainly contributed to
- A. open communication between governments.
  - B. the advent of the microprocessor.
  - C. continuing efforts to globalize.
  - D. high corporate ethical standards.
  - E. the deregulation of the telecommunications industry
65. As of June 30, 2007 there are over \_\_\_\_\_ million Internet users in Canada.
- A. 230
  - B. 458
  - C. 59
  - D. 22
  - E. 19
66. According to our textbook, by the year 2009 online sales may total \_\_\_\_\_ in Canada.
- A. \$1 billion
  - B. \$16 billion
  - C. \$79 billion
  - D. \$350 million
  - E. \$591 million
67. The greatest current potential of the Web seems to be in the \_\_\_\_\_ arena.
- A. business-to-business
  - B. consumer-to-business
  - C. consumer-to-consumer
  - D. business-to-consumer
  - E. business-to-government
68. \_\_\_\_\_ was not mentioned in our textbook as major innovation in transportation technology.
- A. Commercial jet aircraft
  - B. Super freighters
  - C. E-commerce
  - D. The introduction of containerization
  - E. Both containerization and e-commerce were not mentioned
69. Due to containerization, the transportation costs associated with the globalization of production have:
- A. remained the same
  - B. increased dramatically
  - C. declined
  - D. increased slightly
  - E. reduced insurance costs
70. As a result of a variety of innovations, the real costs of information processing and communication have \_\_\_\_\_ over the past two decades.
- A. fallen slightly
  - B. increased slightly
  - C. remained constant
  - D. fallen dramatically
  - E. had no impact on the cost of international business



71. Although the characteristics of the global economy have changed dramatically over the past 30 years, as late as the 1960s all of the following demographic characteristics were true except:
- A. the U.S. dominated the world economy
  - B. small, U.S. entrepreneurial firms dominated the international business scene
  - C. the U.S. dominated the world foreign direct investment picture
  - D. roughly half the world was governed by centrally planned economies of the Communist world
  - E. the U.S. dominated world trade
72. Which country was the world's most dominant industry power was in the early 1960s?
- A. Japan
  - B. The United Kingdom
  - C. Germany
  - D. The United States
  - E. Canada
73. In 1963, the U.S. accounted for \_\_\_\_\_ percent of world manufacturing output.
- A. 80.0
  - B. 12.8
  - C. 65.6
  - D. 40.3
  - E. 24.6
74. In recent years, all of the following countries have seen their relative share of world output fall except:
- A. United States
  - B. France
  - C. Germany
  - D. China
  - E. Japan
75. Canada's largest trade partner is \_\_\_\_\_.
- A. United Kingdom
  - B. Mexico
  - C. China
  - D. United States
  - E. South Korea
76. Which of the following had the greatest share of the world's exports in 2003 from greatest to least?
- A. United States, Japan, China
  - B. Japan, Germany, United States
  - C. United States, Germany, Canada
  - D. China, United States, Japan
  - E. United States, France, China
77. As of 2003, \_\_\_\_\_ was the world's largest exporter.
- A. The United States
  - B. China
  - C. Japan
  - D. Germany
  - E. France
78. If we look into the future, most forecasts now predict a \_\_\_\_\_ in world output accounted for by developing nations such as China, India, Indonesia, and South Korea, and a \_\_\_\_\_ in the share enjoyed by rich industrialized countries such as Britain, Japan, and the United States.
- A. rapid rise, rapid decline
  - B. slight rise, slight decline
  - C. rapid decline, rapid rise
  - D. rapid rise, slight decline
  - E. stay the same, slight decline

79. The relative decline of the developed countries' share of world output \_\_\_\_\_.  
A. will reduce the living standards of the citizens of developed countries.  
B. will increase competition for scarce resources and create political instability.  
C. reflects the growing economic and industrial strength of developing countries.  
D. will decrease prices but also reduce wages in Canada  
E. will decrease job opportunities in Canada
80. Which of the following is an example of a developing nation?  
A. Thailand  
B. Britain  
C. Japan  
D. United States  
E. Nunavut
81. According to your text, the World Bank estimates that today's developing nations may account for more than \_\_\_\_\_ percent of world economic activity by 2020.  
A. 35  
B. 50  
C. 55  
D. 65  
E. 60
82. \_\_\_\_\_ is not considered to be a "developing" nation.  
A. Brazil  
B. India  
C. China  
D. France  
E. Mexico
83. The World Bank has estimated that if current trends continue and based on purchasing power parity, by 2020 the \_\_\_\_\_ economy could be larger than that of the United States.  
A. Russian  
B. Chinese  
C. Japanese  
D. British  
E. German
84. In the 1960s, the two countries with the largest share of world output were:  
A. United States and Japan  
B. Britain and the United States  
C. United States and Germany  
D. Britain and Japan  
E. United States and France
85. Canada's largest source of imports is \_\_\_\_\_.  
A. China  
B. Britain  
C. Germany  
D. United States  
E. Mexico

86. The foreign direct investment by non-U.S. firms was motivated primarily by the following two factors:
- A. the desire to disperse production activities to optimal locations; and the desire to build a direct presence in major foreign markets
  - B. the desire to disperse production activities to optimal locations; and the desire to influence foreign exchange rates
  - C. the desire to influence foreign exchange rates; and the desire to influence political developments in foreign countries
  - D. the desire to build a direct presence in major foreign markets; and the desire to influence political developments in foreign countries
  - E. the desire to reduce dependence on the United States and to increase direct access to markets
87. In the 1960s, what was then seen as an economic threat to Europe?
- A. The dominance of U.S. firms
  - B. Technological innovations
  - C. Low-cost transportation
  - D. Low-cost global communication networks
  - E. Reduction in trade barriers
88. What is the total cumulative value of foreign investments is referred to as?
- A. accumulation of foreign direct investments
  - B. portfolio of foreign direct investments
  - C. stock of foreign direct investments
  - D. set of foreign direct investments
  - E. stock of foreign ownership
89. The largest single export market for Canada is \_\_\_\_\_.
- A. Mexico
  - B. China
  - C. Britain
  - D. United States
  - E. France
90. Reflecting the dominance of the United States in the global economy, U.S. firms accounted for \_\_\_\_\_ percent of worldwide foreign direct investment flows in the 1960s.
- A. 25.7
  - B. 34.6
  - C. 55.1
  - D. 66.3
  - E. 47.2
91. During the 1990s, the percentage of foreign direct investment inflows accounted for by developing countries has:
- A. decreased
  - B. never been determined
  - C. remained constant
  - D. increased
  - E. had no impact on their standard of living
92. The geographic area that has received the greatest volume of inward FDI in recent years has been \_\_\_\_\_.
- A. Britain
  - B. Africa
  - C. Asia
  - D. United States
  - E. Saudi Arabia

93. What kind of enterprise is a business that has productive activities in two or more countries?
- A. cross-cultural
  - B. multinational
  - C. varied-national
  - D. diverse-national
  - E. multi-domestic
94. Recently there has been \_\_\_\_\_ in the number of multinationals from developing countries, especially when you look at smaller firms.
- A. a significant growth
  - B. no change
  - C. a significant decline
  - D. some growth
  - E. some decline
95. General Electric Corporation has productive activities in a number of countries. As a result, it would be appropriate to refer to General Electric as a \_\_\_\_\_ corporation.
- A. transnational
  - B. diverse-national
  - C. cross-national
  - D. multinational
  - E. global
96. Bravado! Designs of Toronto generates 85 percent of its total revenues of \$4.5 million from export sales is considered a \_\_\_\_\_.
- A. a multinational company
  - B. a transnational company
  - C. a cross-border national company
  - D. a mini-multinational
  - E. a Canadian company
97. Since the 1960s, there have been two notable trends in the demographics of the multinational enterprise. These two trends have been:
- A. the rise of non-U.S. multinationals and the disappearance of mini-multinationals
  - B. the decline of non-U.S. multinationals and the decline of mini-multinationals
  - C. the decline of non-U.S. multinationals and the growth of mini-multinationals
  - D. the rise of non-U.S. multinationals and the growth of mini-multinationals
  - E. the rise of U.S. multinationals and the growth of mini-multinationals
98. Disturbing signs of growing unrest and totalitarian tendencies continue to be seen in many \_\_\_\_\_ states.
- A. Western European
  - B. European
  - C. Northern European
  - D. Eastern European
  - E. South American states
99. The decline of the U.S. in its dominance of the global economy can be explained by two factors. These are:
- A. the globalization of the world economy and China's rise to the top rank of economic powers
  - B. the fall of communism in Eastern Europe and the republics of the former Soviet Union and Japan's rise to the top rank of economic powers
  - C. the globalization of the world economy and Japan's rise to the top rank of economic powers
  - D. a decrease in trade barriers worldwide and China's rise in economic power
  - E. the growth of democratic institutions in China

100. What are mini-multinationals?
- A. multinational firms from relatively small countries
  - B. multinational firms that have been involved in international business for less than five years
  - C. multinational firms that operate in three or less foreign countries
  - D. medium-sized and small multinationals
  - E. subsidiaries of multinationals
101. Carmanah Technologies, is a small firm that operates in several different foreign countries. It would be appropriate to refer to Carmanah Technologies as a:
- A. aspiring-multinational
  - B. mini-multinational
  - C. insignificant-multinational
  - D. emerging-multinational
  - E. domestic multinational
102. Many East European countries have joined the European Union and although \_\_\_\_\_ their long term business prospects remain positive.
- A. The economies of most of the former Communist states are not very strong
  - B. Many of the former Communist nations of Europe and Asia do not share a commitment to free market economies
  - C. As a result of low wages, the risks involved in doing business in these countries is very high
  - D. For about half a century these countries were essentially open to Western international business
  - E. they are suffering from a labour shortage
103. Which of the following statements is not true regarding the majority of Latin American countries?
- A. governments are selling state-owned enterprises to private investors
  - B. foreign investment is welcome
  - C. debt and inflation are down
  - D. neither democracy nor free market reforms have seemed to take hold
  - E. None of these answers is correct
104. The last quarter of the 20<sup>th</sup> century experienced \_\_\_\_\_ in the global economy.
- A. increased stability
  - B. slow-moving
  - C. virtually no changes
  - D. rapid changes
  - E. great concerns over potential disruptions
105. Economists argue that increased international trade and cross-border investments will result in \_\_\_\_\_ prices for goods and services.
- A. higher
  - B. stable
  - C. lower
  - D. unstable
  - E. variable
106. \_\_\_\_\_ is not a benefit of globalization.
- A. Lowering prices for goods
  - B. Raising the incomes of consumers
  - C. Slowing economic growth
  - D. Helping to create jobs in all countries that choose to participate
  - E. More leisure time

107. Economists, politicians, and business leaders believe that the \_\_\_\_\_ to international trade and investment is the engine driving the global economy toward greater prosperity.
- A. falling barriers
  - B. cross-border investments
  - C. U.N. policies
  - D. trading barriers
  - E. NAFTA
108. One frequently voiced concern about globalization is that it destroys manufacturing jobs in wealthy advanced economies such as Canada. The basic thrust of the critics' argument is:
- A. developing nations will recruit employees from the more advanced economies, thereby depleting their labour pools
  - B. globalization increases the pace of the shift from a world economy based on manufactured goods to a . world economy based on services
  - C. falling trade barriers allows firms to move their manufacturing activities offshore to countries where wage rates are much lower
  - D. the governments of developing countries will heavily subsidize their primary industries, making . competing products produced in advanced economies less attractive
  - E. Canadian workers are overpaid and the true value of a manufacturing job is much lower
109. Roots, which has promoted itself as a 100 percent Canadian company recently shifted its manufacturing offshore, because \_\_\_\_\_.
- A. workers in developing countries could satisfy the quality concerns of Roots
  - B. fashion trends were being determined outside of Canada
  - C. wage costs were lower in developing countries
  - D. Roots decided that it needed to increase its market penetration in India
  - E. Roots wanted to reduce its transportation costs by moving its manufacturing closer to the sources of raw materials
110. Critics use the following argument to suggest that globalization is a contributing factor to an increase in pollution.
- A. globalization results in an increase in the amount of activity that takes place in companies that do not . have adequate pollution controls
  - B. globalization results in increased commerce between countries, which results in an increase in the . amount of transportation activity (e.g. trains, barges, air cargo, trucks, etc.)
  - C. firms that operate in countries that have adequate pollution regulations have a tendency to move their . manufacturing operations to countries that have less stringent or no pollution controls to avoid the cost of regulation
  - D. globalization results in increased production, which has the undesirable side-effect of increased pollution
  - E. people in developing countries are used to coping with more pollution
111. PriceWaterhouseCoopers predicts that Canada could lose as many as \_\_\_\_\_ IT jobs by 2010.
- A. 55,000
  - B. 75,000
  - C. 20,000
  - D. 35,000
  - E. 100,000
112. What does NAFTA stand for?
- A. North American Free Trade Agreement
  - B. North Atlantic Free Trade Agency
  - C. North American Federation of Trade Advocates
  - D. National Alliance for Technology Advancement
  - E. North American Federal Treaty Association

113. Many critics of globalization argue that outsourcing leads to increased use of \_\_\_\_\_ labour practices in developing countries.
- A. exploitive
  - B. fair
  - C. underground
  - D. neo-colonialist
  - E. non-competitive
114. What is the primary purpose of the World Trade Organization?
- A. arbitrate trade disputes
  - B. act as a "watchdog" for countries that lower their pollution standards in an effort to attract more foreign manufacturing activity
  - C. set tariffs for countries that signed the GATT agreement
  - D. monitor the implementation of trade agreements such as NAFTA
  - E. reduce the number of job losses in member countries
115. In what way can the World Trade Organization (WTO) penalize member countries that are found to be engaged in unfair trade practices?
- A. the WTO can impose sanctions on the transgressor
  - B. the WTO can bring the employees of offending companies to court
  - C. the WTO can restrict the membership of the offending country in other world organizations such as the United Nations
  - D. the WTO panel can issue a ruling instructing a member state to change trade policies that violate GATT regulations, and if the policies are not changed, allow other states to impose sanctions
  - E. expel the violating country from the WTO, which means that companies from that country will be charged higher tariffs on their exports
116. To \_\_\_\_\_ is the minimum that a firm has to do to engage in international business.
- A. export or import
  - B. invest directly in operations in another country
  - C. establish joint ventures or strategic alliances with companies in other countries
  - D. license products to companies in other countries
  - E. monitor product developments around the world
117. Supranational organizations such as the WTO are criticized for
- A. interfering in the regulation of prices of a country's natural resources
  - B. ruling in favour of rich western countries at the expense of poor developing countries
  - C. focusing on economic freedom and not on democracy and environmental responsibility
  - D. limiting its actions to what the WTO member states agree to
  - E. encouraging economic stagnation in poor countries so that rich countries can grow faster
118. Managing an international business is different from managing a purely domestic business for all of the following reasons except:
- A. countries are different
  - B. international transactions involve converting money into different currencies
  - C. the range of problems confronted by a manager in an international business are narrower than those confronted by a manager in a domestic business
  - D. an international business must find ways to work within the limits imposed by government intervention in the international trade and investment system
  - E. different languages have to be learned
119. The world's poorest nations have also faced \_\_\_\_\_.
- A. standardization
  - B. alignment
  - C. global simplification
  - D. economic stagnation
  - E. consumerization

120. Describe the concept of globalization. What are the major opportunities and challenges that globalization has created for business organization?
121. Describe the two main facets of globalization. Explain how each of these components of globalization has helped create the shift towards a more integrated world economy.
122. Describe the meaning of the term "trade barriers"? What measures have been taken by the world community to reduce the impact of trade barriers on international trade?
123. Describe the impact of the development of the World Wide Web on global commerce?
124. Define the term "foreign direct investment (FDI)." How does the term "foreign direct investment" differ from the term "international trade?"
125. What is a multinational enterprise? What have been the two most notable trends in multinational enterprises since the 1960s? What is a mini-multinational? Do you expect the role of mini-multinationals to gain momentum or wane in the future? Why?



126. Discuss the primary advantages and disadvantages of globalization. Do you believe the advantages outweigh the disadvantages? How can the effects of the disadvantages of globalization be reduced?

127. Country competitiveness is not something that is permanent or fixed. The dominant features of the global economy are the rapid changes relative economic and competitive status of different countries. Canada is not immune to these changes. We have seen our total share of the global economy decrease and the loss of many industries.

The anti-globalization movement has been active in Canada. In particular they have been critical of multinational corporate power and argued against global and regional agreements on economic growth and the lowering of trade barriers. Others feel that globalization is inevitable and contributes to the well being of people around the world.

a. Consider the overall impact of globalization on Canada from the perspective of a software developer – has it been positive or negative? Explain your answer.

b. What kinds of strategies could a Canadian developer of software employ to reduce the negative impacts and take advantage of the positive aspects? Explain your answer

128. Why is international trade important to Canada?

# 1 Key

1. The global economy is moving progressively towards a world in which national economies are relatively isolated from each other.  
(p. 5) **FALSE**  
*Difficulty: Easy*  
*Hill - Chapter 01 #1*
2. It is a necessity for a company to be large in order to become efficient in globalization.  
(p. 5-6) **FALSE**  
*Difficulty: Easy*  
*Hill - Chapter 01 #2*
3. Because of the global presence of widely accepted products like McDonalds, Coca-Cola, and Sony PlayStation, national markets are all but disappearing.  
(p. 7) **FALSE**  
*Difficulty: Medium*  
*Hill - Chapter 01 #3*
4. To benefit from the globalization of markets, a company has to be a multinational firm.  
(p. 7) **FALSE**  
*Difficulty: Easy*  
*Hill - Chapter 01 #4*
5. Currently the most global of markets are for industrial goods and materials that serve a universal need the world over.  
(p. 7) **TRUE**  
*Difficulty: Hard*  
*Hill - Chapter 01 #5*
6. Although many companies have lowered their overall cost structure and have improved the quality of their products by dispersing their production activities to locations around the world, this activity is confined primarily to large firms.  
(p. 8) **FALSE**  
*Difficulty: Hard*  
*Hill - Chapter 01 #6*
7. General Agreement on Tariffs and Trade is what the acronym GATT stands for.  
(p. 8) **TRUE**  
*Difficulty: Medium*  
*Hill - Chapter 01 #7*
8. As markets globalize and an increasing proportion of business activity transcends national borders, there is a need for institutions to help manage, regulate and police the global market place.  
(p. 8) **TRUE**  
*Difficulty: Medium*  
*Hill - Chapter 01 #8*
9. The International Monetary Fund and the World Bank were both created in 1944 by 44 nations that met at Bretton Woods, New Hampshire.  
(p. 9) **TRUE**  
*Difficulty: Medium*  
*Hill - Chapter 01 #9*
10. The International Monetary Fund (IMF) is often seen as the leader of last resort to nation state whose economies are in economic turmoil.  
(p. 9) **TRUE**  
*Difficulty: Hard*  
*Hill - Chapter 01 #10*
11. In addition to reducing trade barriers, many countries have also been progressively removing restrictions on barriers to foreign direct investment.  
(p. 11) **TRUE**  
*Difficulty: Hard*  
*Hill - Chapter 01 #11*

12. (p. 10) The advanced nations of the East committed themselves after World War II to removing barriers to the free flow of goods, services, and capital between nations.  
**FALSE**  
*Difficulty: Hard  
Hill - Chapter 01 #12*
13. (p. 11) There is very little evidence that suggests that the lowering of trade barriers has facilitated the globalization of production.  
**FALSE**  
*Difficulty: Easy  
Hill - Chapter 01 #13*
14. (p. 11) The volume of world output has grown faster than the volume of world trade since the 1950s, according to data from the World Trade Organization.  
**FALSE**  
*Difficulty: Medium  
Hill - Chapter 01 #14*
15. (p. 13) Surprisingly, despite the importance of technology in our everyday lives, technological change has played only a minor role in the globalization of markets.  
**FALSE**  
*Difficulty: Medium  
Hill - Chapter 01 #15*
16. (p. 19-20) Most forecasts now predict a rapid rise in world output accounted for by developing nations such as China, India, and South Korea, and a rapid decline in the share enjoyed by rich industrialized countries such as Canada, Britain and the United States.  
**TRUE**  
*Difficulty: Medium  
Hill - Chapter 01 #16*
17. (p. 20) Many of tomorrow's economic opportunities may be found in the developing nations of the world.  
**TRUE**  
*Difficulty: Easy  
Hill - Chapter 01 #17*
18. (p. 21) The stock of foreign direct investment refers to the total cumulative value of foreign assets in a country.  
**TRUE**  
*Difficulty: Medium  
Hill - Chapter 01 #18*
19. (p. 22) In the 1960s global business activity was dominated by large Japanese multinational corporations.  
**FALSE**  
*Difficulty: Medium  
Hill - Chapter 01 #19*
20. (p. 23) Although most international trade and investment is still conducted by large firms, small to medium sized firms are increasingly involved in international trade and investment.  
**TRUE**  
*Difficulty: Medium  
Hill - Chapter 01 #20*
21. (p. 25) Economists argue that increased international trade and cross-border investments will result in higher prices for goods and services, although there are many benefits to globalization.  
**FALSE**  
*Difficulty: Hard  
Hill - Chapter 01 #21*
22. (p. 25) It is commonly believed that globalization stimulates economic growth, creates jobs, and raises income levels.  
**TRUE**  
*Difficulty: Medium  
Hill - Chapter 01 #22*

23. Any firm that engages in international trade or investment is an international business.  
(p. 31) **TRUE**

*Difficulty: Easy*  
*Hill - Chapter 01 #23*

24. The trend toward a more integrated and interdependent global economic system that has been in place for many years is commonly referred to as:  
(p. 6)  
A. market standardization  
B. cross-border integration  
**C. globalization**  
D. consumerism  
E. nationalization

*Difficulty: Easy*  
*Hill - Chapter 01 #24*

25. The two of the three main components of globalization are:  
(p. 6-7)  
**A.** the globalization of markets and the globalization of production  
B. the globalization of production and the globalization of finance  
C. the standardization of technology and the globalization of markets  
D. the globalization of finance and the globalization of accounting  
E. the globalization of consumers and the globalization of marketing

*Difficulty: Medium*  
*Hill - Chapter 01 #25*

26. Sourcing goods and services from locations around the globe is known as \_\_\_\_\_.  
(p. 8)  
A. melding of markets  
B. integration of markets  
C. deregulation  
**D.** globalization of production  
E. globalization of markets

*Difficulty: Easy*  
*Hill - Chapter 01 #26*

27. The global dispersal of productive activities is:  
(p. 8)  
A. limited to large firms only  
B. limited to medium firms only  
C. limited to small firms only  
D. limited to large and medium firms  
**E.** found in all sized firms

*Difficulty: Hard*  
*Hill - Chapter 01 #27*

28. The most global of markets is in what area?  
(p. 7)  
A. services  
B. consumer goods  
**C.** industrial goods  
D. intellectual capital  
E. entertainment

*Difficulty: Hard*  
*Hill - Chapter 01 #28*

29. The most global of markets are not markets for \_\_\_\_\_, where national differences in tastes and preferences are still often important enough to act as a break on globalization.  
(p. 7)  
A. services  
**B.** consumer goods  
C. staples  
D. insurance and banking  
E. industrial goods

*Difficulty: Medium*  
*Hill - Chapter 01 #29*

30. Examples of \_\_\_\_\_ include Coca-Cola and Pepsi, Ford and Toyota, Bombardier and Embraer, and Caterpillar and Komatsu.  
(p. 7)
- A. service goods
  - B. international brands
  - C. homogeneous products
  - D. global competition**
  - E. market integration

Difficulty: Medium  
Hill - Chapter 01 #30

31. Globalization results in a greater degree of \_\_\_\_\_ across markets than would be present otherwise.  
(p. 7)
- A. diversification
  - B. diversity
  - C. homogeneity
  - D. heterogeneity
  - E. uniformity**

Difficulty: Easy  
Hill - Chapter 01 #31

32. The globalization of \_\_\_\_\_ refers to the sourcing of goods and services from locations around the globe to take advantage of national differences in the cost and quality of factors of production (such as labour, energy, land, and capital).  
(p. 8)
- A. information technology
  - B. process design
  - C. markets
  - D. production**
  - E. R&D

Difficulty: Easy  
Hill - Chapter 01 #32

33. The \_\_\_\_\_ was created in 1944 by 44 nations that met in Breton Woods, New Hampshire.  
(p. 9)
- A. International bank
  - B. World Monetary Fund
  - C. World Trade Organization
  - D. International Monetary Fund**
  - E. United Nations

Difficulty: Medium  
Hill - Chapter 01 #33

34. In producing its electronics products, Sony Corporation sources goods and services from different locations around the globe in an attempt to take advantage of national differences in the cost and quality of factors of production. This practice is made possible by the globalization of:  
(p. 8)
- A. finance
  - B. production**
  - C. markets
  - D. process design
  - E. consumer demand

Difficulty: Medium  
Hill - Chapter 01 #34

35. According to the text, the propensity of firms to outsource many of their productive activities to different suppliers around the world has resulted in the creation of \_\_\_\_\_ products.  
(p. 8)
- A. multi-domestic
  - B. cross-national
  - C. global**
  - D. cross-cultural
  - E. transborder

Difficulty: Easy  
Hill - Chapter 01 #35

36. The \_\_\_\_\_ is seen as the lender of last resort to nation-states whose economies are in turmoil and currencies are losing value against those of other nations.

(p. 9)

- A.** International Monetary Fund
- B. International bank
- C. United Nations
- D. Canada's Export Development Corporation
- E. Bank of Canada

Difficulty: Medium  
Hill - Chapter 01 #36

37. \_\_\_\_\_ are the two macro factors that seem to underlie the trend toward greater globalization.

(p. 11, 13)

- A.** The increase in global economic stability, and the slowdown in technological change
- B The increase in barriers to the free flow of goods, services, and capital that has occurred since the . end of World War II, and global economic stability
- C The decline in barriers to the free flow of goods, services, and capital that has occurred in the past . 10 years, and the slowdown in technological change
- D** The decline in barriers to the free flow of goods, services, and capital that has occurred since the . end of World War II, and technological change
- E. Technological Change and the convergence of global product preferences

Difficulty: Hard  
Hill - Chapter 01 #37

38. With membership of 189 countries, the \_\_\_\_\_ was established to preserve peace through international cooperation and collective security.

(p. 9)

- A. World Monetary Fund
- B. The International Monetary Fund
- C. International bank
- D.** United Nations
- E. NATO

Difficulty: Medium  
Hill - Chapter 01 #38

39. Matrikon exports a number of products to users in other countries. This practice is referred to as \_\_\_\_\_.

(p. 8, 10)

- A. world exchange
- B.** international trade
- C. cross-national barter
- D. situational commerce
- E. multinational diversification

Difficulty: Medium  
Hill - Chapter 01 #39

40. XYZ, Inc. is an auto parts distributing warehouse that exports many of its products to consumers in other countries. XYZ Inc. can be described as engaging in:

(p. 10)

- A.** international trade.
- B. cross-border investments.
- C. product development.
- D. trading barriers.
- E. international procurement.

Difficulty: Hard  
Hill - Chapter 01 #40

41. Which of the following refers to the exporting of goods or services to consumers in another country?

(p. 10)

- A. situational commerce
- B. world exchange
- C.** international trade
- D. cross-national barter
- E. foreign investment

Difficulty: Easy  
Hill - Chapter 01 #41

42. (p. 10) Although Inco is a Canadian company, it has invested substantial business resources in activities outside Canada. This practice is referred to as:
- A. transnational commerce
  - B. foreign direct investment**
  - C. international trade
  - D. organizational diversification
  - E. outsourcing

Difficulty: Medium  
Hill - Chapter 01 #42

43. (p. 10) The investing of resources in business activities outside a firm's home country is referred to as:
- A. international trade
  - B. domestic direct investment
  - C. transnational barter
  - D. foreign direct investment**
  - E. outsourcing

Difficulty: Easy  
Hill - Chapter 01 #43

44. (p. 8) The \_\_\_\_\_ is a treaty designed to remove barriers to the free flow of goods, services, and capital between nations.
- A. Global Agreement on Tariffs and Commerce
  - B. United Nations Treaty on Trade
  - C. General Agreement on Tariffs and Trade**
  - D. Multi-National Agreement on Tariffs and Commerce
  - E. The ILO

Difficulty: Medium  
Hill - Chapter 01 #44

45. (p. 10) Under the umbrella of GATT there have been eight rounds of negotiations among member states. The \_\_\_\_\_ was the most recent round of negotiations.
- A. Uruguay Round**
  - B. Malaysian Symposium
  - C. German Round
  - D. New Zealand Symposium
  - E. Cancun Round

Difficulty: Medium  
Hill - Chapter 01 #45

46. (p. 10) Which of the following was not an outcome of the Uruguay Round of the GATT?
- A. reduced trade barriers
  - B. extended GATT to cover services as well as manufactured goods
  - C. established the World Trade Organization
  - D. provided extended protection for patents, trademarks, and copyrights
  - E. reduced agricultural subsidies**

Difficulty: Hard  
Hill - Chapter 01 #46

47. (p. 10) The acronym GATT stands for:
- A. Global Agreement on Taxation and Tariffs
  - B. Global Association of Technology and Trade
  - C. General Agreement on Taxation and Trademarks
  - D. General Agreement on Tariffs and Trade**
  - E. General Accord of Transportation and Trade

Difficulty: Easy  
Hill - Chapter 01 #47

48. The agency established at the 1993 Uruguay Round to police the international trading system is the \_\_\_\_\_.
- (p. 10)
- A. Global Trade Enforcement Administration
  - B. World Tariff and Trade Bureau
  - C. International Trade Enforcement Agency
  - D. World Trade Organization**
  - E. The European bank of Reconstruction and Development

Difficulty: Medium  
Hill - Chapter 01 #48

49. Suppose Petro Canada, an international oil company, had a complaint about a trade issue. The \_\_\_\_\_, a governing body established at the Uruguay Round in 1993 to police the international trading system, is an organization that Petro Canada could take its complaint to.
- (p. 10)
- A. World Trade Organization**
  - B. International Trade Monitoring Bureau
  - C. World Tariff and Trade Agency
  - D. International Trade Monitoring Agency
  - E. The United Nations

Difficulty: Medium  
Hill - Chapter 01 #49

50. The acronym WTO stands for:
- (p. 10)
- A. Western Trade Organization
  - B. World Tax Organization
  - C. World Trade Organization**
  - D. World Tariff Organization
  - E. World Trade Operations

Difficulty: Easy  
Hill - Chapter 01 #50

51. Average tariff rates have \_\_\_\_\_ since 1950.
- (p. 10)
- A. risen
  - B. fallen**
  - C. stayed the same
  - D. risen then fallen
  - E. fallen then risen

Difficulty: Easy  
Hill - Chapter 01 #51

52. Many of the changes that countries have made pertaining to foreign direct investment regulations have:
- (p. 11)
- A. made it harder for foreign companies to enter their markets
  - B. made it easier for foreign companies to enter their markets**
  - C. had no effect on the ease upon which foreign companies can enter their markets
  - D. made it easier to foreign producers of raw materials to enter their markets but more difficult for foreign producers of finished products to enter their markets
  - E. prevented the expropriation of business assets by a foreign government

Difficulty: Medium  
Hill - Chapter 01 #52

53. Which of the following statements is consistent with data from the World Trade Organization?
- (p. 11)
- A. the volume of world trade has grown faster than the volume of world output since the 1950s.**
  - B. the volume of world trade has grown slower than the volume of world output since the 1950s.
  - C. the volume of world trade and the volume of world output have grown at approximately the same rate since the 1950s.
  - D. the volume of world trade and the volume of world output have remained constant since the 1950s.
  - E. the volume of world trade is inversely related to the growth of world output.

Difficulty: Hard  
Hill - Chapter 01 #53



54. According to your text, between 1950 to 2000, as world trade expanded by 20 times, world output grew by about \_\_\_\_\_.  
(p. 11)  
A. 12 percent  
B. 1 percent  
C. 25 percent  
**D. 6½ times**  
E. 20 times

Difficulty: Hard  
Hill - Chapter 01 #54

55. The average yearly outflow of FDI increased from about \$14 billion in 1970 to a record of \_\_\_\_\_ in 2000.  
(p. 11)  
A. \$550 billion  
B. \$73 billion  
**C. \$1.3 trillion**  
D. \$2.75 trillion  
E. \$11.8 trillion

Difficulty: Hard  
Hill - Chapter 01 #55

56. The lowering of trade barriers to international trade has  
(p. 11)  
**A. enabled firms to approach the world as their market**  
B. enabled firms to be a domestic company in their home country.  
C. decreased the volume of production.  
D. created an increase of diverse partnerships.  
E. encouraged firms to retrench in their home markets.

Difficulty: Medium  
Hill - Chapter 01 #56

57. Like the world trade, the flow of FDI has fallen over \_\_\_\_\_ in 2001 to \$647 billion.  
(p. 11)  
A. 25 percent  
B. 60 percent  
**C. 40 percent**  
D. 6 percent  
E. 35 percent

Difficulty: Medium  
Hill - Chapter 01 #57

58. By 2000 the global stock of FDI was greater than \_\_\_\_\_ and resulted in global sales of \_\_\_\_\_.  
(p. 11)  
A. \$1.3 trillion; 647 billion  
B. \$8 trillion; \$19 trillion  
C. \$2.9 trillion; \$8.35 trillion  
D. \$5 trillion; \$11 trillion  
**E. \$6 trillion; \$14 trillion**

Difficulty: Hard  
Hill - Chapter 01 #58

59. Evidence suggests that FDI is playing a(n):  
(p. 11)  
A. decreasing role in the world economy  
B. increasing role in the world economy for services but a decreasing role in the world economy for manufactured goods  
C. increasing role in the world economy for manufactured goods but a decreasing role in the world economy for services  
**D. increasing role in the world economy**  
E. a limited role in the world economy

Difficulty: Medium  
Hill - Chapter 01 #59

60. Which of the following is a major cause for lowering the trade barriers of markets and production?  
(p. 13)

- A.** Technological change
- B. Increased labour mobility
- C. Elastic demand
- D. Corporate greed
- E. Consumer demand

Difficulty: Medium  
Hill - Chapter 01 #60

61. According to our textbook, the growing integration of the world economy is:  
(p. 11)

**A.** increasing the intensity of competition within the home market of a company in a wide range of manufacturing and service industries

B. decreasing the intensity of global competition in manufacturing industries, and increasing the intensity of domestic competition in services

C. increasing the intensity of global competition in manufacturing industries, and decreasing the intensity of domestic competition in services

D. narrowing the scope of global competition in a wide range of service, commodity, and manufacturing industries

E. Widening the opportunities for competing with manufacturing companies within their home market and narrowing the opportunities for competing with service companies in their home market.

Difficulty: Medium  
Hill - Chapter 01 #61

62. According to our textbook, the single most important technological innovation has been the development of the \_\_\_\_\_.  
(p. 13)

A. telegraph

**B.** microprocessor

C. ocean container

D. airplane

E. telephone

Difficulty: Easy  
Hill - Chapter 01 #62

63. \_\_\_\_\_ is the theory that predicts that the power of microprocessor technology doubles and the cost of production falls every 18 months.  
(p. 13)

A. Brennan's Theorem

B. Bailey's Law

**C.** Moore's Law

D. Ivan's Law

E. Global Micro Accelerant (GMA) Law

Difficulty: Medium  
Hill - Chapter 01 #63

64. According to your textbook, between 1930 and 1990, the cost of a three-minute phone call between New York and London fell from \$244.65 to \$3.32. This decrease can be mainly contributed to  
(p. 13)

A. open communication between governments.

**B.** the advent of the microprocessor.

C. continuing efforts to globalize.

D. high corporate ethical standards.

E. the deregulation of the telecommunications industry

Difficulty: Hard  
Hill - Chapter 01 #64

65. As of June 30, 2007 there are over \_\_\_\_\_ million Internet users in Canada.  
(p. 13)

A. 230

B. 458

C. 59

**D.** 22

E. 19

Difficulty: Medium  
Hill - Chapter 01 #65

66. According to our textbook, by the year 2009 online sales may total \_\_\_\_\_ in Canada.

(p. 13)

- A. \$1 billion
- B. \$16 billion**
- C. \$79 billion
- D. \$350 million
- E. \$591 million

Difficulty: Hard  
Hill - Chapter 01 #66

67. The greatest current potential of the Web seems to be in the \_\_\_\_\_ arena.

(p. 13)

- A. business-to-business**
- B. consumer-to-business
- C. consumer-to-consumer
- D. business-to-consumer
- E. business-to-government

Difficulty: Easy  
Hill - Chapter 01 #67

68. \_\_\_\_\_ was not mentioned in our textbook as major innovation in transportation technology.

(p. 14)

- A. Commercial jet aircraft
- B. Super freighters
- C. E-commerce**
- D. The introduction of containerization
- E. Both containerization and e-commerce were not mentioned

Difficulty: Medium  
Hill - Chapter 01 #68

69. Due to containerization, the transportation costs associated with the globalization of production have:

(p. 14)

- A. remained the same
- B. increased dramatically
- C. declined**
- D. increased slightly
- E. reduced insurance costs

Difficulty: Easy  
Hill - Chapter 01 #69

70. As a result of a variety of innovations, the real costs of information processing and communication have \_\_\_\_\_ over the past two decades.

(p. 13)

- A. fallen slightly
- B. increased slightly
- C. remained constant
- D. fallen dramatically**
- E. had no impact on the cost of international business

Difficulty: Easy  
Hill - Chapter 01 #70

71. Although the characteristics of the global economy have changed dramatically over the past 30 years, as late as the 1960s all of the following demographic characteristics were true except:

(p. 17-18)

- A. the U.S. dominated the world economy
- B. small, U.S. entrepreneurial firms dominated the international business scene**
- C. the U.S. dominated the world foreign direct investment picture
- D. roughly half the world was governed by centrally planned economies of the Communist world
- E. the U.S. dominated world trade

Difficulty: Medium  
Hill - Chapter 01 #71

72. Which country was the world's most dominant industry power was in the early 1960s?

(p. 18)

- A. Japan
- B. The United Kingdom
- C. Germany
- D.** The United States
- E. Canada

Difficulty: Easy  
Hill - Chapter 01 #72

73. In 1963, the U.S. accounted for \_\_\_\_\_ percent of world manufacturing output.

(p. 18)

- A. 80.0
- B. 12.8
- C. 65.6
- D.** 40.3
- E. 24.6

Difficulty: Hard  
Hill - Chapter 01 #73

74. In recent years, all of the following countries have seen their relative share of world output fall except:

(p. 18)

- A. United States
- B. France
- C. Germany
- D.** China
- E. Japan

Difficulty: Hard  
Hill - Chapter 01 #74

75. Canada's largest trade partner is \_\_\_\_\_.

(p. 19)

- A. United Kingdom
- B. Mexico
- C. China
- D.** United States
- E. South Korea

Difficulty: Easy  
Hill - Chapter 01 #75

76. Which of the following had the greatest share of the world's exports in 2003 from greatest to least?

(p. 18)

- A. United States, Japan, China
- B. Japan, Germany, United States
- C.** United States, Germany, Canada
- D. China, United States, Japan
- E. United States, France, China

Difficulty: Hard  
Hill - Chapter 01 #76

77. As of 2003, \_\_\_\_\_ was the world's largest exporter.

(p. 18)

- A.** The United States
- B. China
- C. Japan
- D. Germany
- E. France

Difficulty: Medium  
Hill - Chapter 01 #77

78. If we look into the future, most forecasts now predict a \_\_\_\_\_ in world output accounted for by developing nations such as China, India, Indonesia, and South Korea, and a \_\_\_\_\_ in the share enjoyed by rich industrialized countries such as Britain, Japan, and the United States.  
(p. 19)
- A.** rapid rise, rapid decline
  - B. slight rise, slight decline
  - C. rapid decline, rapid rise
  - D. rapid rise, slight decline
  - E. stay the same, slight decline

Difficulty: Medium  
Hill - Chapter 01 #78

79. The relative decline of the developed countries' share of world output \_\_\_\_\_.  
(p. 19)
- A. will reduce the living standards of the citizens of developed countries.
  - B. will increase competition for scarce resources and create political instability.
  - C.** reflects the growing economic and industrial strength of developing countries.
  - D. will decrease prices but also reduce wages in Canada
  - E. will decrease job opportunities in Canada

Difficulty: Medium  
Hill - Chapter 01 #79

80. Which of the following is an example of a developing nation?  
(p. 19-20)
- A.** Thailand
  - B. Britain
  - C. Japan
  - D. United States
  - E. Nunavut

Difficulty: Easy  
Hill - Chapter 01 #80

81. According to your text, the World Bank estimates that today's developing nations may account for more than \_\_\_\_\_ percent of world economic activity by 2020.  
(p. 20)
- A. 35
  - B. 50
  - C. 55
  - D. 65
  - E.** 60

Difficulty: Medium  
Hill - Chapter 01 #81

82. \_\_\_\_\_ is not considered to be a "developing" nation.  
(p. 20)
- A. Brazil
  - B. India
  - C. China
  - D.** France
  - E. Mexico

Difficulty: Medium  
Hill - Chapter 01 #82

83. The World Bank has estimated that if current trends continue and based on purchasing power parity, by 2020 the \_\_\_\_\_ economy could be larger than that of the United States.  
(p. 20)
- A. Russian
  - B.** Chinese
  - C. Japanese
  - D. British
  - E. German

Difficulty: Hard  
Hill - Chapter 01 #83

84. In the 1960s, the two countries with the largest share of world output were:  
(p. 18) A. United States and Japan  
B. Britain and the United States  
**C.** United States and Germany  
D. Britain and Japan  
E. United States and France

*Difficulty: Hard*  
*Hill - Chapter 01 #84*

85. Canada's largest source of imports is \_\_\_\_\_.  
(p. 19) A. China  
B. Britain  
C. Germany  
**D.** United States  
E. Mexico

*Difficulty: Easy*  
*Hill - Chapter 01 #85*

86. The foreign direct investment by non-U.S. firms was motivated primarily by the following two factors:  
(p. 21) **A.** the desire to disperse production activities to optimal locations; and the desire to build a direct presence in major foreign markets  
B. the desire to disperse production activities to optimal locations; and the desire to influence foreign exchange rates  
C. the desire to influence foreign exchange rates; and the desire to influence political developments in foreign countries  
D. the desire to build a direct presence in major foreign markets; and the desire to influence political developments in foreign countries  
E. the desire to reduce dependence on the United States and to increase direct access to markets

*Difficulty: Medium*  
*Hill - Chapter 01 #86*

87. In the 1960s, what was then seen as an economic threat to Europe?  
(p. 21) **A.** The dominance of U.S. firms  
B. Technological innovations  
C. Low-cost transportation  
D. Low-cost global communication networks  
E. Reduction in trade barriers

*Difficulty: Medium*  
*Hill - Chapter 01 #87*

88. What is the total cumulative value of foreign investments is referred to as?  
(p. 21-22) A. accumulation of foreign direct investments  
B. portfolio of foreign direct investments  
**C.** stock of foreign direct investments  
D. set of foreign direct investments  
E. stock of foreign ownership

*Difficulty: Easy*  
*Hill - Chapter 01 #88*

89. The largest single export market for Canada is \_\_\_\_\_.  
(p. 20) A. Mexico  
B. China  
C. Britain  
**D.** United States  
E. France

*Difficulty: Easy*  
*Hill - Chapter 01 #89*

90. Reflecting the dominance of the United States in the global economy, U.S. firms accounted for \_\_\_\_\_ percent of worldwide foreign direct investment flows in the 1960s.  
(p. 21)
- A. 25.7
  - B. 34.6
  - C. 55.1
  - D. 66.3**
  - E. 47.2

*Difficulty: Hard*  
*Hill - Chapter 01 #90*

91. During the 1990s, the percentage of foreign direct investment inflows accounted for by developing countries has:  
(p. 22)
- A. decreased
  - B. never been determined
  - C. remained constant
  - D. increased**
  - E. had no impact on their standard of living

*Difficulty: Easy*  
*Hill - Chapter 01 #91*

92. The geographic area that has received the greatest volume of inward FDI in recent years has been \_\_\_\_\_.  
(p. 22)
- A. Britain
  - B. Africa
  - C. Asia**
  - D. United States
  - E. Saudi Arabia

*Difficulty: Medium*  
*Hill - Chapter 01 #92*

93. What kind of enterprise is a business that has productive activities in two or more countries?  
(p. 22)
- A. cross-cultural
  - B. multinational**
  - C. varied-national
  - D. diverse-national
  - E. multi-domestic

*Difficulty: Easy*  
*Hill - Chapter 01 #93*

94. Recently there has been \_\_\_\_\_ in the number of multinationals from developing countries, especially when you look at smaller firms.  
(p. 22)
- A. a significant growth**
  - B. no change
  - C. a significant decline
  - D. some growth
  - E. some decline

*Difficulty: Medium*  
*Hill - Chapter 01 #94*

95. General Electric Corporation has productive activities in a number of countries. As a result, it would be appropriate to refer to General Electric as a \_\_\_\_\_ corporation.  
(p. 22)
- A. transnational
  - B. diverse-national
  - C. cross-national
  - D. multinational**
  - E. global

*Difficulty: Easy*  
*Hill - Chapter 01 #95*

96. Bravado! Designs of Toronto generates 85 percent of its total revenues of \$4.5 million from export sales is considered a \_\_\_\_\_.  
(p. 23)
- A. a multinational company
  - B. a transnational company
  - C. a cross-border national company
  - D. a mini-multinational**
  - E. a Canadian company

Difficulty: Medium  
Hill - Chapter 01 #96

97. Since the 1960s, there have been two notable trends in the demographics of the multinational enterprise. These two trends have been:  
(p. 22)
- A. the rise of non-U.S. multinationals and the disappearance of mini-multinationals
  - B. the decline of non-U.S. multinationals and the decline of mini-multinationals
  - C. the decline of non-U.S. multinationals and the growth of mini-multinationals
  - D. the rise of non-U.S. multinationals and the growth of mini-multinationals**
  - E. the rise of U.S. multinationals and the growth of mini-multinationals

Difficulty: Medium  
Hill - Chapter 01 #97

98. Disturbing signs of growing unrest and totalitarian tendencies continue to be seen in many \_\_\_\_\_.  
(p. 23-24)
- A. Western European
  - B. European
  - C. Northern European
  - D. Eastern European**
  - E. South American states

Difficulty: Medium  
Hill - Chapter 01 #98

99. The decline of the U.S. in its dominance of the global economy can be explained by two factors. These are:  
(p. 22)
- A. the globalization of the world economy and China's rise to the top rank of economic powers
  - B. the fall of communism in Eastern Europe and the republics of the former Soviet Union and Japan's rise to the top rank of economic powers
  - C. the globalization of the world economy and Japan's rise to the top rank of economic powers**
  - D. a decrease in trade barriers worldwide and China's rise in economic power
  - E. the growth of democratic institutions in China

Difficulty: Medium  
Hill - Chapter 01 #99

100. What are mini-multinationals?  
(p. 23)
- A. multinational firms from relatively small countries
  - B. multinational firms that have been involved in international business for less than five years
  - C. multinational firms that operate in three or less foreign countries
  - D. medium-sized and small multinationals**
  - E. subsidiaries of multinationals

Difficulty: Easy  
Hill - Chapter 01 #100

101. Carmanah Technologies, is a small firm that operates in several different foreign countries. It would be appropriate to refer to Carmanah Technologies as a:  
(p. 23)
- A. aspiring-multinational
  - B. mini-multinational**
  - C. insignificant-multinational
  - D. emerging-multinational
  - E. domestic multinational

Difficulty: Easy  
Hill - Chapter 01 #101



102. Many East European countries have joined the European Union and although \_\_\_\_\_ their long term business prospects remain positive.

(p. 23-24)

- A.** The economies of most of the former Communist states are not very strong
- B. Many of the former Communist nations of Europe and Asia do not share a commitment to free market economies
- C. As a result of low wages, the risks involved in doing business in these countries is very high
- D. For about half a century these countries were essentially open to Western international business
- E. they are suffering from a labour shortage

Difficulty: Medium  
Hill - Chapter 01 #102

103. Which of the following statements is not true regarding the majority of Latin American countries?

(p. 24)

- A. governments are selling state-owned enterprises to private investors
- B. foreign investment is welcome
- C. debt and inflation are down
- D.** neither democracy nor free market reforms have seemed to take hold
- E. None of these answers is correct

Difficulty: Medium  
Hill - Chapter 01 #103

104. The last quarter of the 20<sup>th</sup> century experienced \_\_\_\_\_ in the global economy.

(p. 24)

- A. increased stability
- B. slow-moving
- C. virtually no changes
- D.** rapid changes
- E. great concerns over potential disruptions

Difficulty: Medium  
Hill - Chapter 01 #104

105. Economists argue that increased international trade and cross-border investments will result in \_\_\_\_\_ prices for goods and services.

(p. 25)

- A. higher
- B. stable
- C.** lower
- D. unstable
- E. variable

Difficulty: Easy  
Hill - Chapter 01 #105

106. \_\_\_\_\_ is not a benefit of globalization.

(p. 25-26)

- A. Lowering prices for goods
- B. Raising the incomes of consumers
- C.** Slowing economic growth
- D. Helping to create jobs in all countries that choose to participate
- E. More leisure time

Difficulty: Medium  
Hill - Chapter 01 #106

107. Economists, politicians, and business leaders believe that the \_\_\_\_\_ to international trade and investment is the engine driving the global economy toward greater prosperity.

(p. 25)

- A.** falling barriers
- B. cross-border investments
- C. U.N. policies
- D. trading barriers
- E. NAFTA

Difficulty: Medium  
Hill - Chapter 01 #107

108. One frequently voiced concern about globalization is that it destroys manufacturing jobs in wealthy advanced economies such as Canada. The basic thrust of the critics' argument is:
- A. developing nations will recruit employees from the more advanced economies, thereby depleting their labour pools
  - B. globalization increases the pace of the shift from a world economy based on manufactured goods to a world economy based on services
  - C. falling trade barriers allows firms to move their manufacturing activities offshore to countries where wage rates are much lower**
  - D. the governments of developing countries will heavily subsidize their primary industries, making competing products produced in advanced economies less attractive
  - E. Canadian workers are overpaid and the true value of a manufacturing job is much lower

*Difficulty: Hard*  
*Hill - Chapter 01 #108*

109. Roots, which has promoted itself as a 100 percent Canadian company recently shifted its manufacturing offshore, because \_\_\_\_\_.
- A. workers in developing countries could satisfy the quality concerns of Roots
  - B. fashion trends were being determined outside of Canada
  - C. wage costs were lower in developing countries**
  - D. Roots decided that it needed to increase its market penetration in India
  - E. Roots wanted to reduce its transportation costs by moving its manufacturing closer to the sources of raw materials

*Difficulty: Hard*  
*Hill - Chapter 01 #109*

110. Critics use the following argument to suggest that globalization is a contributing factor to an increase in pollution.
- A. globalization results in an increase in the amount of activity that takes place in companies that do not have adequate pollution controls
  - B. globalization results in increased commerce between countries, which results in an increase in the amount of transportation activity (e.g. trains, barges, air cargo, trucks, etc.)
  - C. firms that operate in countries that have adequate pollution regulations have a tendency to move their manufacturing operations to countries that have less stringent or no pollution controls to avoid the cost of regulation**
  - D. globalization results in increased production, which has the undesirable side-effect of increased pollution
  - E. people in developing countries are used to coping with more pollution

*Difficulty: Hard*  
*Hill - Chapter 01 #110*

111. PriceWaterhouseCoopers predicts that Canada could lose as many as \_\_\_\_\_ IT jobs by 2010.
- A. 55,000
  - B. 75,000**
  - C. 20,000
  - D. 35,000
  - E. 100,000

*Difficulty: Easy*  
*Hill - Chapter 01 #111*

112. What does NAFTA stand for?
- A. North American Free Trade Agreement**
  - B. North Atlantic Free Trade Agency
  - C. North American Federation of Trade Advocates
  - D. National Alliance for Technology Advancement
  - E. North American Federal Treaty Association

*Difficulty: Easy*  
*Hill - Chapter 01 #112*

113. Many critics of globalization argue that outsourcing leads to increased use of \_\_\_\_\_ labour practices in developing countries.  
(p. 28-29)
- A.** exploitive
  - B. fair
  - C. underground
  - D. neo-colonialist
  - E. non-competitive

Difficulty: Medium  
Hill - Chapter 01 #113

114. What is the primary purpose of the World Trade Organization?  
(p. 30)
- A.** arbitrate trade disputes
  - B. act as a "watchdog" for countries that lower their pollution standards in an effort to attract more foreign manufacturing activity
  - C. set tariffs for countries that signed the GATT agreement
  - D. monitor the implementation of trade agreements such as NAFTA
  - E. reduce the number of job losses in member countries

Difficulty: Medium  
Hill - Chapter 01 #114

115. In what way can the World Trade Organization (WTO) penalize member countries that are found to be engaged in unfair trade practices?  
(p. 30)
- A. the WTO can impose sanctions on the transgressor
  - B. the WTO can bring the employees of offending companies to court
  - C. the WTO can restrict the membership of the offending country in other world organizations such as the United Nations
  - D.** the WTO panel can issue a ruling instructing a member state to change trade policies that violate GATT regulations, and if the policies are not changed, allow other states to impose sanctions
  - E. expel the violating country from the WTO, which means that companies from that country will be charged higher tariffs on their exports

Difficulty: Medium  
Hill - Chapter 01 #115

116. To \_\_\_\_\_ is the minimum that a firm has to do to engage in international business.  
(p. 31)
- A.** export or import
  - B. invest directly in operations in another country
  - C. establish joint ventures or strategic alliances with companies in other countries
  - D. license products to companies in other countries
  - E. monitor product developments around the world

Difficulty: Easy  
Hill - Chapter 01 #116

117. Supranational organizations such as the WTO are criticized for  
(p. 30)
- A. interfering in the regulation of prices of a country's natural resources
  - B. ruling in favour of rich western countries at the expense of poor developing countries
  - C.** focusing on economic freedom and not on democracy and environmental responsibility
  - D. limiting its actions to what the WTO member states agree to
  - E. encouraging economic stagnation in poor countries so that rich countries can grow faster

Difficulty: Hard  
Hill - Chapter 01 #117

118. Managing an international business is different from managing a purely domestic business for all of the following reasons except:  
(p. 31-32)
- A. countries are different
  - B. international transactions involve converting money into different currencies
  - C.** the range of problems confronted by a manager in an international business are narrower than those confronted by a manager in a domestic business
  - D. an international business must find ways to work within the limits imposed by government intervention in the international trade and investment system
  - E. different languages have to be learned

Difficulty: Medium  
Hill - Chapter 01 #118

119. The world's poorest nations have also faced \_\_\_\_\_.  
(p. 31)
- A. standardization
  - B. alignment
  - C. global simplification
  - D. economic stagnation**
  - E. consumerization

*Difficulty: Easy*  
*Hill - Chapter 01 #119*

120. Describe the concept of globalization. What are the major opportunities and challenges that globalization has created for business organization?  
(p. 5-8)

Globalization refers to a fundamental shift that is occurring in the world economy. The world is progressively moving away from a structure in which national economies are relatively isolated from each other, towards a structure in which national economies are merging into one huge interdependent global economic system. This trend is commonly referred to as globalization. The trend towards globalization is creating many opportunities for businesses to expand their revenues, drive down their costs, and boost their profits. For example, many Canadian firms are now exporting to previously closed foreign markets. By doing so, these firms are simultaneously expanding their sales and driving down their costs through additional economies of scale. Globalization has also created challenges for business organizations. For example, managers now have to grapple with a wide range of globalization related issues. Examples of these issues include: should we export, should we build a plant in a foreign country, should we modify our products to suite the tastes of each of our foreign customers, and how do we respond to foreign competition? These questions often do not have easy answers, but are very important to the future competitiveness of business organizations.

*Difficulty: Easy*  
*Hill - Chapter 01 #120*

121. Describe the two main facets of globalization. Explain how each of these components of globalization has helped create the shift towards a more integrated world economy.  
(p. 7-8)

The two main components of globalization are the globalization of markets and the globalization of production. The globalization of markets refers to the fact that in many industries historically distinct and separate national markets are merging into one huge global marketplace. The globalization of production refers to the tendency among many firms to source goods and services from different locations around the world in an attempt to take advantage of national differences in the cost and quality of factors of production (such as labour, energy, and capital). Both of these components of globalization have helped create the shift towards a more integrated world economy. The globalization of markets has created a "global" interest in many products, such as Coca-Cola, the Sony Walkman, and Levi jeans. This "sharing of interest" in products across national borders has facilitated the trend towards a more integrated world economy. The globalization of production has resulted in a substantial increase in the number of business relationships between companies from different countries. This increase in the number and intensity of interrelationships between companies from different countries has also facilitated the trend towards a more integrated world economy.

*Difficulty: Medium*  
*Hill - Chapter 01 #121*

122. Describe the meaning of the term "trade barriers"? What measures have been taken by the world community to reduce the impact of trade barriers on international trade?  
(p. 10-11)

Trade barriers are the regulations, tariffs, and other activities that are put in place by governments for the purpose of protecting their domestic industries from "foreign competition." For example, a country may impose a stiff tariff on the import of foreign produced automobiles. That makes it very difficult (i.e., creates a substantial barrier) for foreign produced cars to be sold in their country. The world community has taken a number of measures to not only lessen the impact of trade barriers on international trade, but to remove trade barriers altogether. The General Agreement on Tariffs and Trade (GATT) has been an ongoing effort to remove and reduce trade barriers worldwide. Under the umbrella of GATT, there have been eight rounds of negotiations among member states, which now number 148, designed to lower and/or reduce all forms of trade barriers. To provide the GATT treaty some teeth, the recently completed Uruguay Round of GATT established the World Trade Organization (WTO) which polices the international trading system. Although the WTO cannot compel a nation to comply with the GATT treaty, it can recommend that other member nations impose sanctions on the offending party. Other business organizations, governments, trade groups, and not-for-profit organizations are working hard to reduce and remove trade barriers. The Doha and Cancun rounds have focused on the question of agricultural subsidies used by developed countries to support their farmers. These agricultural subsidies have made it almost impossible for developing country farmers to compete.

*Difficulty: Hard*  
*Hill - Chapter 01 #122*

123. Describe the impact of the development of the World Wide Web on global commerce?  
(p. 13)

Viewed globally, the Web is emerging as the great equalizer. There is no geography on the Web and costs to provide extensive information and product offerings are low when compared to other more traditional means of doing business. It is a powerful dislocating force that rolls back some constraints of location, scale, and time zones. The Web allows businesses, both small and large, to expand their global presence at a lower cost than ever before.

*Difficulty: Easy*  
*Hill - Chapter 01 #123*

124. Define the term "foreign direct investment (FDI)." How does the term "foreign direct investment" differ from the term "international trade?"  
(p. 21-23)

Foreign direct investment occurs when a firm invests resources in business activities outside its home country. For example, a Canadian firm may invest in a production facility in Italy. International trade occurs when a firm exports goods or services to consumers in another country. The difference between the terms is that the term "international trade" does not necessarily mean that a firm is investing resources in business activities outside its home country. the firm could be simply exporting domestically produced products to a foreign country.

*Difficulty: Medium*  
*Hill - Chapter 01 #124*

125. What is a multinational enterprise? What have been the two most notable trends in multinational enterprises since the 1960s? What is a mini-multinational? Do you expect the role of mini-multinationals to gain momentum or wane in the future? Why?

(p. 22-23)

A multinational enterprise is any business that has productive activities in two or more countries. There are many multinational enterprises, including General Motors, Sony, General Electric, Exxon, and Toyota. The two most notable trends in multinational enterprises since the 1960s have been (1) the rise of non-U.S. multinationals, particularly Japanese multinationals; and (2) the growth of mini-multinationals. Mini-multinationals are small and medium-sized international firms. The role of these firms is likely to gain momentum in the future. Many small and medium-sized companies are becoming increasingly involved in international trade, in a variety of different contexts. As these companies expand their international activities, they will increasingly take their place as mini-multinationals on the world stage.

*Difficulty: Easy*  
*Hill - Chapter 01 #125*

126. Discuss the primary advantages and disadvantages of globalization. Do you believe the advantages outweigh the disadvantages? How can the effects of the disadvantages of globalization be reduced?

(p. 25-32)

There are many advantages of globalization. From a broad perspective, globalization creates economic activity (which stimulates economic growth), creates jobs, raises income levels, and provides consumers with more choices in regard to the products and services that are available to them. From the perspective of an individual firm, globalization has the potential to increase revenues (through expanded market potential), drive down costs (through additional economies of scale), and boost profits. Conversely, critics argue that globalization destroys manufacturing jobs in wealthy countries and contributes to pollution. In regard to destroying manufacturing jobs, the basic thrust of the critics' argument is that falling trade barriers allow firms in industrialized countries to move their manufacturing activities offshore to countries where wage rates are much lower. This activity, if it occurs, has the undesirable side-effect of eliminating manufacturing jobs in the industrialized country. In regard to pollution, the critics of globalization argue that globalization encourages firms from advanced nations to move manufacturing facilities offshore to less developed countries to avoid the more stringent pollution controls in place in their home countries. This activity increases worldwide pollution. The final section of the question is designed to encourage classroom discussion and/or to encourage students to "think" about how these undesirable side-effects of globalization can be reduced.

*Difficulty: Medium*  
*Hill - Chapter 01 #126*

127. Country competitiveness is not something that is permanent or fixed. The dominant features of the global economy are the rapid changes relative economic and competitive status of different countries. Canada is not immune to these changes. We have seen our total share of the global economy decrease and the loss of many industries.

(p. 32-34)

The anti-globalization movement has been active in Canada. In particular they have been critical of multinational corporate power and argued against global and regional agreements on economic growth and the lowering of trade barriers. Others feel that globalization is inevitable and contributes to the well being of people around the world.

a. Consider the overall impact of globalization on Canada from the perspective of a software developer – has it been positive or negative? Explain your answer.

b. What kinds of strategies could a Canadian developer of software employ to reduce the negative impacts and take advantage of the positive aspects? Explain your answer

There are many advantages of globalization. From a broad perspective, globalization creates economic activity (which stimulates economic growth), creates jobs, raises income levels, and provides consumers with more choices in regard to the products and services that are available to them. From the perspective of an individual firm, globalization has the potential to increase revenues (through expanded market potential), drive down costs (through additional economies of scale), and boost profits. Conversely, critics argue that globalization destroys manufacturing jobs in wealthy countries and contributes to pollution. In regard to destroying manufacturing jobs, the basic thrust of the critics' argument is that falling trade barriers allow firms in industrialized countries to move their manufacturing activities offshore to countries where wage rates are much lower. This activity, if it occurs, has the undesirable side-effect of eliminating manufacturing jobs in the industrialized country. In regard to pollution, the critics of globalization argue that globalization encourages firms from advanced nations to move manufacturing facilities offshore to less developed countries to avoid the more stringent pollution controls in place in their home countries. This activity increases worldwide pollution. The final section of the question is designed to encourage classroom discussion and/or to encourage students to "think" about how these undesirable side-effects of globalization can be reduced.

*Difficulty: Hard*  
*Hill - Chapter 01 #127*

128. Why is international trade important to Canada?

(p. 18-20)

Canada's exports contribute about 40% of our GDP. We have a trade surplus overall meaning we are exporting more than we are importing. Many jobs and FDI are dependent upon international trade. Canada needs international trade in order to maintain its standard of living. However, Canada's standard of living has been decreasing relative to the United States and unless Canada begins to increase their productivity and international sales, the standard of living will continue to decrease.

*Difficulty: Medium*  
*Hill - Chapter 01 #128*

# 1 Summary

<u>Category</u>	<u># of Questions</u>
Difficulty: Easy	39
Difficulty: Hard	29
Difficulty: Medium	60
Hill - Chapter 01	128