

## **Chapter 18 Practice Test**

*Indicate whether the statement is true or false.*

- \_\_\_ 1. In order to control pollution, the federal government issues pollution permits that allow a public utility to release pollution into the air.
  - a. True
  - b. False
  
- \_\_\_ 2. Biomass energy is made from wood, peat, municipal solid waste, landfill gases, fish oils, and other waste.
  - a. True
  - b. False
  
- \_\_\_ 3. Oil is the largest nonrenewable resource used today.
  - a. True
  - b. False
  
- \_\_\_ 4. Natural gas is considered a renewable resource because it replaces itself over time.
  - a. True
  - b. False
  
- \_\_\_ 5. According to Thomas Malthus, the masses of the world are going to be reduced to a condition of subsistence because of population growth.
  - a. True
  - b. False

*Indicate the answer choice that best completes the statement or answers the question.*

- \_\_\_ 6. Globalization means having
  - a. multinationals opening manufacturing facilities only in industrial nations.
  - b. standardized production of products that are sold only in industrial nations.
  - c. standardized production of products that are sold throughout the world.
  - d. multinationals opening manufacturing facilities only in free trade zones.
  
- \_\_\_ 7. Which countries are **not** making progress in using nonrenewables and in reducing pollution?
  - a. those countries in the early stages of industrialization
  - b. those countries in the highly developed stages of industrialization
  - c. those countries that have strong, wealthy economies
  - d. those countries that have bypassed the five stages of economic growth
  
- \_\_\_ 8. How does population growth affect a country's natural resources?
  - a. Population growth adds to the depletion of many natural resources in a country.
  - b. Population growth adds to the development of natural resources in a country.
  - c. Population growth leads to the discovery of more natural resources in a country.
  - d. Population growth causes natural resources to be more carefully used in a country.

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- \_\_\_ 9. Which of the following are **regional** trading blocs that promote trade between nations?
- a. the Organization of Petroleum Exporting Countries (OPEC) and the European Union (EU)
  - b. the North American Free Trade Agreement (NAFTA) and the Association for Southeast Asian nations (ASEAN)
  - c. the International Monetary Fund (IMF) and the Common Market for Eastern and Southern Africa (COMESA)
  - d. the World Bank and the North American Free Trade Agreement (NAFTA)
- \_\_\_ 10. Two important types of renewable resources that help economic growth and can be replenished for future use are
- a. biomass and coal.
  - b. biomass and hydropower.
  - c. oil and solar power.
  - d. oil and hydropower.
- \_\_\_ 11. A major step for the European Union was the introduction of
- a. pollution permits.
  - b. the euro.
  - c. a free-trade policy with the world.
  - d. a free-trade policy with Mexico, Canada, and the United States.
- \_\_\_ 12. Which of the following factors can slow or halt the process of globalization in the world?
- a. growth in the number of multinationals
  - b. growth in population control
  - c. more specialization
  - d. perceived threat to a nation's culture, politics, or religion
- \_\_\_ 13. The stage of economic development that involves questioning traditions and facing new patterns of living is
- a. primitive equilibrium.
  - b. takeoff.
  - c. semidevelopment.
  - d. transition.
- \_\_\_ 14. One trend associated with globalization is
- a. a growing reliance on the World Bank among nations.
  - b. a growing economic interdependence among nations.
  - c. less political stability among nations.
  - d. less political cooperation among nations.

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- \_\_\_ 15. Which statement best identifies the two developments that have occurred that Malthus did **not** predict.
- a. The world population growth has slowly declined, and advances in productivity have enabled a rising standard of living.
  - b. The world population has grown, but worldwide advances in productivity have enabled a rising standard of living.
  - c. A worldwide decrease in productivity has lowered a rising standard of living, and the world population growth has slowly declined.
  - d. A worldwide increase in population and a decrease in productivity have lowered a rising standard of living.
- \_\_\_ 16. The concern the international community has about developing countries is based on
- a. both humanitarian and self-interest reasons.
  - b. solely political reasons.
  - c. both economic and geographic reasons.
  - d. financial reasons only.
- \_\_\_ 17. As a result of globalization,
- a. standardized products are manufactured in facilities throughout the world.
  - b. standardized products all over the world are manufactured and shipped from a few industrial nations.
  - c. workers in manufacturing facilities in industrial nations receive low salaries.
  - d. workers in manufacturing facilities throughout the world receive high salaries.
- \_\_\_ 18. Two very effective ways to control pollution are to pass laws that
- a. lower population growth and establish pollution standards.
  - b. lower population growth and create economic incentives.
  - c. establish pollution standards and create economic incentives.
  - d. decrease pollution standards and maximize waste-disposal systems.
- \_\_\_ 19. High oil prices in the United States resulted in which of the following consequences?
- a. The search for alternative energy sources decreased.
  - b. The search for alternative energy sources intensified.
  - c. Consumers bought big houses, but small cars.
  - d. Consumers pushed for fewer explorations for oil reserves.
- \_\_\_ 20. Which of the following are **international** organizations that were organized to promote trade between nations?
- a. the World Trade Organization (WTO) and the Association for Southeast Asian Nations (ASEAN).
  - b. the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO)
  - c. the International Monetary fund and the European Union
  - d. the United Nations and the Common Market for Eastern and Southern Africa (COMESA)

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- \_\_\_ 21. Two obstacles to a nation's economic development are:
- high literacy and external debt.
  - population growth and disease.
  - corruption and zero population growth policies.
  - war and foreign investment.
- \_\_\_ 22. Two reasonable ways in which countries can fund economic development are
- microfinance and IMF financial aid.
  - microfinance and increasing loan defaults.
  - increasing external debt and soft loans.
  - increasing loan defaults and soft loans.
- \_\_\_ 23. The opposite of the Malthus theory of the economic future of the world is
- subsistence living on an overly populated planet.
  - economic growth as people develop new production methods and limit population growth.
  - subsistence living despite the development of new production.
  - economic growth that spurs a rapid population growth.
- \_\_\_ 24. The number of live births per 1,000 people in a country is called
- life expectancy.
  - zero population growth.
  - population growth.
  - crude birthrate.
- \_\_\_ 25. To control pollution, the U.S. Congress has established that all cars sold in the United States cannot
- exceed certain maximum emission standards.
  - exceed 55 mph on the highway.
  - require high-test gasoline.
  - require gasohol.
- \_\_\_ 26. What two forms of help do both the International Monetary Fund (IMF) and the World Bank offer developing nations?
- loans and financial assistance
  - currency support and financial assistance
  - loans and currency support
  - currency support and advice

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- \_\_\_ 27. COMESA is a
  - a. 10-country common market for eastern and southern Africa.
  - b. 19-country common market for eastern and southern Africa.
  - c. 19-country common market for Asian countries.
  - d. 12-country common market for European countries.
  
- \_\_\_ 28. Economic development is important in countries because it
  - a. reduces the gross national product (GNP) and population growth.
  - b. usually means a zero population growth (ZPG) policy is established.
  - c. reduces poverty and increases social and political stability.
  - d. usually means a country produces more than it consumes.
  
- \_\_\_ 29. The last stage of economic growth is
  - a. the takeoff stage.
  - b. the transition stage.
  - c. the high development stage.
  - d. the semidevelopment stage.
  
- \_\_\_ 30. A growing trend of globalization is
  - a. more political independence and fewer nations defaulting on loans.
  - b. specialization and high wages in production.
  - c. less economic dependence among nations.
  - d. specialization and division of labor in production.

*Enter the appropriate word(s) to complete the statement.*

- 31. The first stage of economic development in a nation, in which the society has no formal economic organization and nothing measurable changes, is called \_\_\_\_\_.

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- 32. Nations that have little industry, high poverty rates, and economic instability are called \_\_\_\_\_ countries.

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33. Money that a developing country borrows from foreign countries and banks is called \_\_\_\_\_  
\_\_\_\_\_.

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34. A small loan of money usually made to women in developing countries to help them start an income-generating small business is called a(n) \_\_\_\_\_ .

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35. Legal or illegal export of a nation's currency and foreign exchange is called \_\_\_\_\_ \_\_\_\_\_.

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Match each term with the correct statement below.

- a. Common Market for Eastern and Southern Africa (COMESA)
- b. free-trade area
- c. globalization
- d. multinationals
- e. World Trade Organization

- \_\_\_ 36. an international agency that administers trade agreements and settles disputes between governments
- \_\_\_ 37. an organization of nineteen nations that is making slow progress toward a common market
- \_\_\_ 38. a movement toward a more integrated and interdependent world economy
- \_\_\_ 39. a group of countries that have agreed to reduce trade barriers and tariffs among themselves
- \_\_\_ 40. corporations producing and selling without regard to national boundaries and whose business activities are located in several different countries

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Match each item with the correct statement below.

- a. acid rain
- b. cartel
- c. default
- d. division of labor
- e. expropriation
- f. gasohol
- g. glut
- h. outsourcing
- i. soft loans
- j. zero population growth

- \_\_\_ 41. hiring outside firms to perform non-core operations to lower operating costs
- \_\_\_ 42. mixture of 90 percent unleaded gasoline and 10 percent grain alcohol
- \_\_\_ 43. condition in which the average number of births and deaths balance so that population size is unchanged
- \_\_\_ 44. a group of sellers or producers acting together to raise prices by restricting availability of a product
- \_\_\_ 45. act of not repaying borrowed money
- \_\_\_ 46. pollution in the form of rainwater mixed with sulfur dioxide to form a mild form of sulfuric acid
- \_\_\_ 47. loans that may never be paid back; usually involves loans to developing countries
- \_\_\_ 48. splitting work into a number of separate tasks to be performed by different workers
- \_\_\_ 49. substantial oversupply of a product
- \_\_\_ 50. government confiscation of private- or foreign-owned goods without compensation