

Exam questions: (Christoffersen) L366

*Two of the following will appear on the actual exam:*

1. The protesters of the WTO in Quebec were against the broadening of the NAFTA agreement (North American Free trade Agreement) to include South America, that is, the signing of the FTAA agreement (Free Trade Agreement of the Americas). Discuss the implications of a larger regional trade block. Include in your discussion the economic considerations of trade creation versus trade diversion, and the potential for “gains from trade due to international specialization”. Discuss the political implications of larger regional trade blocks v. the US as hegemon in a globally integrated world. Based on these considerations, would you favor the FTAA?
2. In Senegal, Dr.Schain observed poor people and a struggling economic system. In what way could an inward looking policy such as Import Substitution address the problems in Senegal and in what way could an export led policy work? *Define the policies*, explain the *advantages and disadvantages* (a list is ok) and *discuss* in the specific context of Senegal.
3. The way in which an economic system is organized is crucial to the well being of a populace. The two ends of the spectrum are a planned economy and a market economy. Briefly describe the differences in these systems (I.e. how is price of milk established, who buys/produces it) and the pros and cons of these two systems. In our mixed economy, new policies draw us ever closer to one extreme or the other. In light of this, would you favor nationalized medicine?

## L366 Final Exam Questions – Dinero

*Two of the following will appear on the actual exam:*

1. List several social and economic criteria that help to measure and define the “Development Gap” in paragraph form. How are each of these criteria measured? What types of aid might be appropriate in helping to address this gap? Give a real world example.
2. Define Modernization Theory and Dependency (Core/Periphery) Theory in a few sentences. Compare the two theories. How are they similar? How are they different? Using one country as an example, discuss how each theory, when used alone, is inadequate in explaining the development gap in that country.
3. In October 2003, a Donors’ Conference was held in Madrid in order to raise money for the reconstruction of Iraq. While the U.S. plans to commit roughly \$20 billion to this effort, the U.S. had hoped others would contribute an additional \$35 billion. Using the principles of the Theory of Hegemonic Stability, explain a) why the U.S. desire to put so much money into Iraq, b) why the U.S. wants others to participate in this effort c) why many countries chose to contribute, and d) why many countries chose NOT to contribute, and e) why their failure to contribute could threaten regional stability. Complete answers will address both the political and the economic reasons behind all of these countries giving/not giving aid toward Iraq’s reconstruction initiative.