International Marketing, 18e **(Cateora)**
Chapter 10 Europe, Africa, and the Middle East

1) Multinational market regions are those groups of countries that seek mutual economic benefit from reducing interregional trade and tariff barriers.

Answer: TRUE
Explanation: Multinational market regions are those groups of countries that seek mutual economic benefit from reducing interregional trade and tariff barriers.
Difficulty: 1 Easy
Topic: History and Implications Regional Economic Agreements
Learning Objective: 10-01 The reasons for economic union.
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2) An important objective of the member countries of the United Nations is bringing about mutual economic development.

Answer: TRUE
Explanation: Part of the efforts of the 193 member countries in the United Nations includes mutual economic development.
Difficulty: 1 Easy
Topic: History and Implications Regional Economic Agreements
Learning Objective: 10-01 The reasons for economic union.
Bloom's: Remember
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3) The WTO primary purpose is making trade more profitable for emerging economies.

Answer: FALSE
Explanation: The World Trade Organization, with its 164 members and over 20 observers, is wholly dedicated to making trade among nations more efficient.
Difficulty: 1 Easy
Topic: History and Implications Regional Economic Agreements
Learning Objective: 10-01 The reasons for economic union.
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4) Nations with complementary economic bases are most likely to encounter frictions in the development and operation of a common market unit.

Answer: FALSE
Explanation: Nations with complementary economic bases are least likely to encounter frictions in the development and operation of a common market unit.
Difficulty: 1 Easy
Topic: History and Implications Regional Economic Agreements
Learning Objective: 10-01 The reasons for economic union.
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5) The importance of political unity to fully achieve all the benefits of economic integration drove European countries to form the World Trade Organization (WTO).

Answer: FALSE
Explanation: The importance of political unity to fully achieve all the benefits of economic integration has driven European countries to form the Union (EU).
Difficulty: 1 Easy
Topic: Western Europe's Marketplace in the World Economy
Learning Objective: 10-01 The reasons for economic union.
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6) The most basic level of economic integration and cooperation is the geographical local federation (GLF).

Answer: FALSE
Explanation: The most basic level of economic integration and cooperation is the regional cooperation for development (RCD).
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-02 Patterns of international cooperation.
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7) At the most general level, the WTO represents the most important and comprehensive trade agreement in history.

Answer: TRUE
Explanation: At the most general level, the World Trade Organization represents the most important and comprehensive trade agreement in history. However, beyond the WTO, multinational market groups take several other forms, varying significantly in the degree of cooperation, dependence, and interrelationship among participating nations.
Difficulty: 1 Easy
Topic: The World Trading System, GATT, and the WTO
Learning Objective: 10-02 Patterns of international cooperation.
Bloom's: Remember
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8) A free trade area (FTA) provides its members with a mass market without barriers to impede the flow of goods and services.

Answer: TRUE
Explanation: A free trade area provides its members with a mass market without barriers to impede the flow of goods and services. It is an agreement between two or more countries to reduce or eliminate customs duties and nontariff trade barriers among partner countries while members maintain individual tariff schedules for external countries.
Difficulty: 1 Easy
Topic: Trade Policy and Government Intervention in International Trade
Learning Objective: 10-02 Patterns of international cooperation.
Bloom's: Remember
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9) A customs union is the most fully integrated form of regional cooperation.

Answer: FALSE
Explanation: A political union is the most fully integrated form of regional cooperation. It involves complete political and economic integration, either voluntary or enforced. Whereas, a customs union enjoys the free trade area's reduced or eliminated internal tariffs and adds a common external tariff on products imported from countries outside the union.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-02 Patterns of international cooperation.
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10) The blueprint for the European Union began with the Treaty of Rome in 1957.

Answer: TRUE
Explanation: The Treaty of Rome established the European Economic Community (EEC). The European Union is an extension of the EEC.
Difficulty: 1 Easy
Topic: Western Europe's Marketplace in the World Economy
Learning Objective: 10-02 Patterns of international cooperation.
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11) A commonwealth of nations is an organization providing for the strongest possible economic integration relationship.

Answer: FALSE
Explanation: A commonwealth of nations is a voluntary organization providing for the loosest possible relationship that can be classified as economic integration.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-02 Patterns of international cooperation.
Bloom's: Remember
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12) The European Union was created when the 12 nations of the European Community ratified the Maastricht Treaty.

Answer: TRUE
Explanation: The European Union was created upon ratification of the Maastricht Treaty by 12 nations of the European Community.
Difficulty: 1 Easy
Topic: Western Europe's Marketplace in the World Economy
Learning Objective: 10-02 Patterns of international cooperation.
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13) The Commonwealth of Independent States (CIS) was formed by Britain because it did not want to join the European Economic Community (EEC).

Answer: FALSE
Explanation: The Commonwealth of Independent States (CIS) was formed by the republics of the former Soviet Union.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-02 Patterns of international cooperation.
Bloom's: Remember
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14) Historically, standards have been used to effectively increase market access, such as the sale of German beer in Italy.

Answer: FALSE
Explanation: Historically, standards have been used to effectively limit market access. Restrictive standards have kept competing products, whether from other European countries or elsewhere, out of their respective markets.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-03 The evolution of the European Union.
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15) In line with its goal of enlargement, ten new countries joined the European Union in 2004 followed by Bulgaria and Romania in 2007.

Answer: TRUE
Explanation: The process of enlargement was for a long time the most important item on the EU's agenda. Ten new countries were added in 2004, some ahead of schedule. Bulgaria and Romania entered as planned in 2007.
Difficulty: 1 Easy
Topic: Western Europe's Marketplace in the World Economy
Learning Objective: 10-03 The evolution of the European Union.
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16) The Council of Ministers of the European Union can enact into law all proposals involving changes in tax rates on products and services by majority vote.

Answer: FALSE
Explanation: The Council can enact into law all proposals by majority vote except for changes in tax rates on products and services, which require unanimous vote.
Difficulty: 1 Easy
Topic: Western Europe's Marketplace in the World Economy
Learning Objective: 10-03 The evolution of the European Union.
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17) The decisions of the European Court of Justice are not final, but can be appealed in national courts.

Answer: FALSE
Explanation: The European Court of Justice (ECJ) is the European Union's Supreme Court. It is responsible for challenging any measures incompatible with the Treaty of Rome and for passing judgment, at the request of a national court, on the interpretation or validity of points of European Union law. The court's decisions are final and cannot be appealed in national courts.
Difficulty: 1 Easy
Topic: Western Europe's Marketplace in the World Economy
Learning Objective: 10-03 The evolution of the European Union.
Bloom's: Remember
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18) In the Amsterdam Treaty, the European Union agreed to accommodate the changes brought about by the monetary union and the admission of new members.

Answer: TRUE
Explanation: The Amsterdam Treaty increases the authority of the institutions of the European Union and is designed to accommodate the changes brought about by the monetary union and the admission of new members.
Difficulty: 1 Easy
Topic: Western Europe's Marketplace in the World Economy
Learning Objective: 10-03 The evolution of the European Union.
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19) All three Baltic states started off with the same legacy of efficient industry and American-style capitalist economies.

Answer: FALSE
Explanation: The Baltic states started off with roughly the same legacy of inefficient industry and Soviet-style command economies.
Difficulty: 1 Easy
Topic: Overview of Regional Economic Integration and its Different Levels
Learning Objective: 10-04 Evolving patterns of trade as eastern Europe and the former Soviet states embrace free-market systems.
Bloom's: Remember
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20) Europe and Asia have a trade group that has emerged and persisted since the dissolution of the Soviet Union called the Commonwealth of Independent States.

Answer: TRUE
Explanation: Within the European region is the Commonwealth of Independent States. New and untested, it is a coalition of 12 former USSR republics. In 2009, Georgia resigned from the Commonwealth.
Difficulty: 1 Easy
Topic: Overview of Regional Economic Integration and its Different Levels
Learning Objective: 10-04 Evolving patterns of trade as eastern Europe and the former Soviet states embrace free-market systems.
Bloom's: Remember
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21) The Commonwealth of Independent States is a loose economic and political alliance with open borders but no central government.

Answer: TRUE
Explanation: The CIS is a loose economic and political alliance with open borders but no central government.
Difficulty: 1 Easy
Topic: Overview of Regional Economic Integration and its Different Levels
Learning Objective: 10-04 Evolving patterns of trade as eastern Europe and the former Soviet states embrace free-market systems.
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22) The first Soviet republics to declare independence were the Baltic states.

Answer: TRUE
Explanation: The series of events after the aborted coup against Mikhail Gorbachev led to the complete dissolution of the USSR. The first Soviet republics to declare independence were the Baltic states, which quickly gained recognition by several Western nations.
Difficulty: 1 Easy
Topic: Overview of Regional Economic Integration and its Different Levels
Learning Objective: 10-04 Evolving patterns of trade as eastern Europe and the former Soviet states embrace free-market systems.
Bloom's: Remember
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23) Economic growth among African countries has been on the downswing for the past several years.

Answer: FALSE
Explanation: In part stimulated by increasing foreign direct investment, particularly from China for infrastructure projects, prospects for enterprise south of the Sahara are on the upswing. Despite global economic problems and local political and environmental disruptions, growth among African countries has been picking up nicely in the past few years.
Difficulty: 1 Easy
Topic: Challenges Facing African, Middle Eastern, and South American Countries
Learning Objective: 10-04 Evolving patterns of trade as eastern Europe and the former Soviet states embrace free-market systems.
Bloom's: Remember
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24) The Southern African Development Community is the most advanced and viable of Africa's regional organizations.

Answer: TRUE
Explanation: The Southern African Development Community is the most advanced and viable of Africa's regional organizations. Its 15 members encompass a landmass of seven million square kilometers containing abundant natural resources and a population of more than 250 million.
Difficulty: 1 Easy
Topic: Overview of Regional Economic Integration and its Different Levels
Learning Objective: 10-04 Evolving patterns of trade as eastern Europe and the former Soviet states embrace free-market systems.
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25) Iran, Pakistan, and Turkey, formerly the Regional Cooperation for Development (RCD), have renamed their regional group the Economic Cooperation Organization (ECO).

Answer: TRUE
Explanation: Iran, Pakistan, and Turkey, formerly the Regional Cooperation for Development (RCD), have renamed their regional group the Economic Cooperation Organization (ECO).
Difficulty: 1 Easy
Topic: Challenges Facing African, Middle Eastern, and South American Countries
Learning Objective: 10-04 Evolving patterns of trade as eastern Europe and the former Soviet states embrace free-market systems.
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26) The Arab states on the Persian Gulf, Egypt, and Morocco worked out an agreement on an Arab Free Trade Area, sometimes called the Greater Arab Free Trade Area (GAFTA).

Answer: TRUE
Explanation: The Arab states on the Persian Gulf, Egypt, and Morocco worked out an agreement on an Arab Free Trade Area, sometimes called the Greater Arab Free Trade Area (GAFTA).
Difficulty: 1 Easy
Topic: Challenges Facing African, Middle Eastern, and South American Countries
Learning Objective: 10-04 Evolving patterns of trade as eastern Europe and the former Soviet states embrace free-market systems.
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27) The initial aim of a multinational market is to protect businesses that operate within its borders.

Answer: TRUE
Explanation: The initial aim of a multinational market is to protect businesses that operate within its borders.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-05 Strategic implications for marketing in the region.
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28) With the adoption of the euro, price differentials are much easier to spot, and EU consumers can search for the best bargains in brand-name products more easily.

Answer: TRUE
Explanation: With the adoption of the euro, price differentials are much easier to spot, and the consumer can search for the best bargains in brand-name products more easily.
Difficulty: 1 Easy
Topic: Western Europe's Marketplace in the World Economy
Learning Objective: 10-06 The size and nature of marketing opportunities in the European/African/Middle East regions.
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29) Groups of countries that seek mutual economic benefit from reducing interregional trade and tariff barriers are called
A) multilateral economic associations.
B) cartels.
C) multinational market regions.
D) trade associations.
E) political and cultural associations.

Answer: C
Explanation: Multinational market regions are those groups of countries that seek mutual economic benefit from reducing interregional trade and tariff barriers.
Difficulty: 1 Easy
Topic: History and Implications Regional Economic Agreements
Learning Objective: 10-01 The reasons for economic union.
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30) Multinational market groups form
A) a large organization that promotes harmony by mutual agreement to a common peace treaty.
B) large markets that provide potentially significant opportunities for international business.
C) a conglomerate that seeks to undertake foreign trading ventures as one company.
D) a nonprofit entity that works together to aid the development of underdeveloped countries.
E) regional trading blocs without trade restrictions internally and borders restricted from outsiders.

Answer: B
Explanation: Multinational market groups form large markets that provide potentially significant opportunities for international business.
Difficulty: 1 Easy
Topic: History and Implications Regional Economic Agreements
Learning Objective: 10-01 The reasons for economic union.
Bloom's: Remember
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31) It was not until this single market was established that the United States, Japan, and other countries gave serious thought to creating other alliances. What is being referred to here?
A) the European Commission
B) the European Economic Community
C) the Organization for Security and Co-operation in Europe
D) the Asia-Pacific Economic Cooperation
E) the European Community

Answer: B
Explanation: Following the success of the European Steel and Coal Community, a global economic revolution began in 1958 when the European Economic Community was ratified and Europe took the step that would ultimately lead to the present-day European Union (EU). It was not until this single market was established that the United States, Japan, and other countries gave serious thought to creating other alliances.
Difficulty: 1 Easy
Topic: History and Implications Regional Economic Agreements
Learning Objective: 10-01 The reasons for economic union.
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32) The World Trade Organization is wholly dedicated to
A) expanding capitalism.
B) eliminating language barriers in trade.
C) having free and open national borders.
D) enforcing international anti-bribery laws.
E) improving the efficiency of trade among nations.

Answer: E
Explanation: The World Trade Organization, with its 160 members and 24 observers, is wholly dedicated to making trade among nations more efficient.
Difficulty: 1 Easy
Topic: The World Trading System, GATT, and the WTO
Learning Objective: 10-01 The reasons for economic union.
Bloom's: Remember
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33) Every type of economic union shares the development and enlargement of market opportunities as a basic orientation. What best describes the primary way market opportunities are enlarged by economic unions?
A) preferential tariff treatment for participating members
B) use of embargos to eliminate rival competition
C) formulation of cartels
D) quest for economic dominance through boycotts of rivals
E) movement toward a common language as a means to overcoming economic hurdles

Answer: A
Explanation: Usually, markets are enlarged through preferential tariff treatment for participating members, common tariff barriers against outsiders, or both.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-01 The reasons for economic union.
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34) Nations with complementary economic bases are least likely to
A) develop a distinctive monetary system.
B) allow individual differences to be outweighed by the total benefit of economic integration.
C) experience internal economic development.
D) achieve enlargement of market opportunities through preferential tariff treatment.
E) encounter frictions in the development and operation of a common market unit.

Answer: E
Explanation: Nations with complementary economic bases are least likely to encounter frictions in the development and operation of a common market unit. However, for an economic union to survive, it must have agreements and mechanisms in place to settle economic disputes.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-01 The reasons for economic union.
Bloom's: Remember
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35) What is a requisite for the survival of any economic union?
A) avoiding potentially significant opportunities for international business
B) having agreements and mechanisms in place in order to settle economic disputes
C) including into the union countries with diverse economies, distinctive monetary systems, developed agricultural bases, and different natural resources
D) establishing of a comprehensive agriculture and economic policy
E) ensuring biased treatment of goods produced within the union

Answer: B
Explanation: For an economic union to survive, it must have agreements and mechanisms in place to settle economic disputes. In addition, the total benefit of economic integration must outweigh individual differences that are sure to arise as member countries adjust to new trade relationships.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-01 The reasons for economic union.
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36) What is a basic requisite for the development of a supranational market arrangement?
A) political amenability among countries
B) business strategy sharing
C) adoption of common cultural practices
D) protection of the market by exercising tariffs and boycotts
E) a desire to maintain state sovereignty

Answer: A
Explanation: Political amenability among countries is a basic requisite for the development of a supranational market arrangement. Participating countries must have comparable aspirations and general compatibility before surrendering any part of their national sovereignty.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-01 The reasons for economic union.
Bloom's: Remember
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37) With respect to the political factors that affect supranational markets, _____ is one of the most cherished possessions of any nation.
A) a two-party system
B) a three-party system
C) state federalism
D) state sovereignty
E) a strong middle class

Answer: D
Explanation: State sovereignty is one of the most cherished possessions of any nation and is relinquished only for a promise of significant improvement of the national position through cooperation.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-01 The reasons for economic union.
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38) What is one of the multilateral free trade agreements signed by the United States?
A) CETA
B) NAFTA
C) NATO
D) MERCOSUR
E) LAFTA

Answer: B
Explanation: The United States has bilateral free trade agreements in progress and approved with several nations in addition to multilateral agreements such as NAFTA and DR-CAFTA (Dominican Republic, Central American Countries, and the U.S.).
Difficulty: 1 Easy
Topic: Trade Policy and Government Intervention in International Trade
Learning Objective: 10-01 The reasons for economic union.
Bloom's: Remember
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39) As Timothy examines markets that might match his company's investment requirements, he is particularly interested in the fact that the European Community has an extensive transportation network. This network seems to draw all the member nations closer together physically. What critical factor for ensuring an effective economic union is Timothy most likely examining when reviewing transportation networks?
A) cultural factors
B) trade factors
C) political factors
D) geographic proximity
E) economic factors

Answer: D
Explanation: Geographical closeness does facilitate the functioning of a common market. It is seen that transportation networks are likely to be interrelated and well developed when countries are close together. Therefore, Timothy is judging the effectiveness of the economic union by assessing the geographic proximity of the members of the union.
Difficulty: 3 Hard
Topic: Geographical Implications that Affect Trade
Learning Objective: 10-01 The reasons for economic union.
Bloom's: Apply
AACSB: Knowledge Application
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40) Similarity of cultures can make or break an economic union. Although there is great cultural diversity in the European Union, key members share _____ and are commonly aware of being European.
A) a common language
B) a long-established Christian heritage
C) a dislike for foreigners
D) a strong affiliation to monarchy and feudalism
E) a democratic background and heritage

Answer: B
Explanation: Cultural similarity eases the shock of economic cooperation with other countries. The more similar the culture, the more likely an agreement is to succeed, because members understand the outlook and viewpoints of their colleagues. Although there is great cultural diversity in the European Union, key members share a long-established Christian heritage and are commonly aware of being European.
Difficulty: 1 Easy
Topic: The Nature of Cross-Cultural Risk
Learning Objective: 10-01 The reasons for economic union.
Bloom's: Remember
AACSB: Analytical Thinking
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41) One of the first factors that gave the European Union an edge over others in the process of becoming a common market was a
A) similarity in agriculture and monetary policies.
B) similarity in political systems.
C) similarity in languages.
D) well-developed transportation network.
E) common affiliation toward democracy.

Answer: D
Explanation: One of the first major strengths of the European Union was its transportation network; the opening of the tunnel between England and France further bound this common market.
Difficulty: 1 Easy
Topic: Western Europe's Marketplace in the World Economy
Learning Objective: 10-01 The reasons for economic union.
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42) At the most general level, _____ represents the most important and comprehensive trade agreement in history.
A) NAFTA
B) the Amsterdam Treaty
C) MERCOSUR
D) the WTO
E) ASEAN

Answer: D
Explanation: The World Trade Organization represents the most important and comprehensive trade agreement in history.
Difficulty: 1 Easy
Topic: The World Trading System, GATT, and the WTO
Learning Objective: 10-02 Patterns of international cooperation.
Bloom's: Remember
AACSB: Analytical Thinking
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43) The most basic economic integration and cooperation, in which governments agree to participate jointly to develop basic industries beneficial to each economy, is the
A) political union.
B) common market.
C) regional cooperation for development (RCD).
D) customs union.
E) free trade area (FTA).

Answer: C
Explanation: The most basic economic integration and cooperation is the regional cooperation for development (RCD). In the RCD arrangement, governments agree to participate jointly to develop basic industries beneficial to each economy.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-02 Patterns of international cooperation.
Bloom's: Remember
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44) A _____ is an agreement between two or more countries to reduce or eliminate customs duties and nontariff trade barriers among partner countries while members maintain individual tariff schedules for external countries.
A) restricted trade area
B) noncooperation agreement
C) regional cooperation for development
D) tariff pact
E) free trade area

Answer: E
Explanation: A free trade area is an agreement between two or more countries to reduce or eliminate customs duties and nontariff trade barriers among partner countries while members maintain individual tariff schedules for external countries.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-02 Patterns of international cooperation.
Bloom's: Remember
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45) A free trade area (FTA) provides its members with
A) complete political integration.
B) a mass market without trade barriers among partner countries.
C) a regional cooperation for social development.
D) a common market that eliminates all external tariffs.
E) a market that offsets higher nontrade barriers with lower external tariff.

Answer: B
Explanation: A free trade area provides its members with a mass market without barriers to impede the flow of goods and services among partner countries.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-02 Patterns of international cooperation.
Bloom's: Remember
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46) A _____ has reduced or eliminated internal tariffs and adds a common external tariff on products imported from countries outside the group.
A) preferential trade area
B) currency union
C) regional cooperation for development
D) customs union
E) free trade area

Answer: D
Explanation: A customs union enjoys the free trade area's reduced or eliminated internal tariffs and adds a common external tariff on products imported from countries outside the union.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-02 Patterns of international cooperation.
Bloom's: Remember
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47) A _____ is an intermediate step in the transition from a free trade area to a common market.
A) political union
B) currency union
C) regional cooperation for development (RCD)
D) customs union
E) preferential trade area

Answer: D
Explanation: The customs union is a logical stage of cooperation in the transition from an FTA to a common market. It enjoys the free trade area's reduced or eliminated internal tariffs and adds a common external tariff on products imported from countries outside the union.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-02 Patterns of international cooperation.
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48) What was a customs union before becoming a common market?
A) NAFTA
B) DR-CAFTA
C) Israel-Mexico Free Trade Agreement
D) the European Union
E) South Asian Free Trade Area

Answer: D
Explanation: A common market is a unified economy and lacks only political unity to become a political union. The European Union was a customs union before becoming a common market.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-02 Patterns of international cooperation.
Bloom's: Remember
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49) A _____ agreement eliminates all tariffs and other restrictions on internal trade, adopts a set of common external tariffs, and removes all restrictions on the free flow of capital and labor among member nations.
A) preferential trade agreement
B) common market
C) regional cooperation for development
D) customs union
E) free trade area

Answer: B
Explanation: A common market agreement eliminates all tariffs and other restrictions on internal trade, adopts a set of common external tariffs, and removes all restrictions on the free flow of capital and labor among member nations.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-02 Patterns of international cooperation.
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50) Which level of economic integration has no restrictions on internal trade and free flow of capital among member nations and lacks only political unity to become a political union?
A) common market
B) free trade area
C) regional cooperation group
D) customs union
E) preferential trade agreement

Answer: A
Explanation: A common market is a unified economy and lacks only political unity to become a political union. It eliminates all tariffs and other restrictions on internal trade, adopts a set of common external tariffs, and removes all restrictions on the free flow of capital and labor among member nations.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-02 Patterns of international cooperation.
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51) The Treaty of _____ established the European Economic Community (EEC) in 1957 and called for common external tariffs and the gradual elimination of intramarket tariffs, quotas, and other trade barriers.
A) Kent
B) Paris
C) Rome
D) Cannes
E) Maastricht

Answer: C
Explanation: The Treaty of Rome, which established the European Economic Community (EEC) in 1957, called for common external tariffs and the gradual elimination of intramarket tariffs, quotas, and other trade barriers.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-02 Patterns of international cooperation.
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52) The most fully integrated form of regional cooperation is a
A) political union.
B) common market.
C) regional cooperation for development (RCD).
D) customs union.
E) free trade area (FTA).

Answer: A
Explanation: A political union is the most fully integrated form of regional cooperation. It involves complete political and economic integration, either voluntary or enforced.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-02 Patterns of international cooperation.
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53) A _____ involves complete political and economic integration, either voluntary or enforced.
A) political union
B) common market
C) regional cooperation for development (RCD)
D) customs union
E) free trade area (FTA)

Answer: A
Explanation: Political union is the most fully integrated form of regional cooperation. It involves complete political and economic integration, either voluntary or enforced.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-02 Patterns of international cooperation.
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54) Though now disbanded, what agreement was considered to be the most notable enforced political union of the last 40 years?
A) NATO
B) NAFTA
C) MERCOSUR
D) COMECON
E) LAFTA

Answer: D
Explanation: The most notable enforced political union was the Council for Mutual Economic Assistance (COMECON), a centrally controlled group of countries organized by the Soviet Union.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-02 Patterns of international cooperation.
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55) Britain and countries that were formerly part of the British Empire are an example of a _____ of nations.
A) autarchy
B) monocracy
C) commonwealth
D) proprietary colony
E) trade association

Answer: C
Explanation: A commonwealth of nations is a voluntary organization providing for the loosest possible relationship that can be classified as economic integration. The British Commonwealth includes Britain and countries formerly part of the British Empire.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-02 Patterns of international cooperation.
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56) The _____ Treaty created the European Union with 12 nations.
A) Kent
B) Paris
C) Rome
D) Cannes
E) Maastricht

Answer: E
Explanation: The European Union was created when the 12 nations of the European Community ratified the Maastricht Treaty. The members committed themselves to economic and political integration.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-02 Patterns of international cooperation.
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57) What is true of the Maastricht Treaty?
A) It serves as a deterrent for the political unification of the European countries.
B) It restricts movement of goods between the United Kingdom and France.
C) It allows for the free movement of persons between the United States and Canada.
D) It allows for the free movement of goods throughout the member states of the European Union.
E) It is the first European treaty whose terms have been universally accepted.

Answer: D
Explanation: The Maastricht Treaty allows for the free movement of goods, persons, services, and capital throughout the member states; a common currency; common foreign and security policies, including defense; a common justice system; and cooperation between police and other authorities on crime, terrorism, and immigration issues.
Difficulty: 2 Medium
Topic: Western Europe's Marketplace in the World Economy
Learning Objective: 10-02 Patterns of international cooperation.
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58) What type of political union is mostly based on economic history and a sense of tradition?
A) conglomerate
B) community
C) commonwealth
D) proprietary colony
E) trade association

Answer: C
Explanation: A commonwealth can best be described as the weakest of political unions and is mostly based on economic history and a sense of tradition.
Difficulty: 1 Easy
Topic: Economic and Political Arguments Surrounding Regional Economic Integration
Learning Objective: 10-02 Patterns of international cooperation.
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59) Which treaty allows for the free movement of goods, persons, services, and capital throughout the member states of the European community?
A) Rome Treaty
B) Berlin Treaty
C) Maastricht Treaty
D) Barcelona Treaty
E) Athens Treaty

Answer: C
Explanation: The European Union was created when the 12 nations of the European Community ratified the Maastricht Treaty. The Maastricht Treaty allows for the free movement of goods, persons, services, and capital throughout the member states of the European community; a common currency; common foreign and security policies, including defense; a common justice system; and cooperation between police and other authorities on crime, terrorism, and immigration issues.
Difficulty: 1 Easy
Topic: Western Europe's Marketplace in the World Economy
Learning Objective: 10-02 Patterns of international cooperation.
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60) Of all the multinational market groups, none has been more secure in its cooperation or more important economically than the
A) Newly Independent States.
B) Economic Community of West African States.
C) Commonwealth of Independent States.
D) European Union.
E) Trans-Pacific Union.

Answer: D
Explanation: Of all the multinational market groups, the European Union is the most secure in its cooperation and the most important economically.
Difficulty: 1 Easy
Topic: Western Europe's Marketplace in the World Economy
Learning Objective: 10-03 The evolution of the European Union.
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61) Which institution has the responsibility to debate and decide which proposals of the Single European Act to accept as binding on European Union members?
A) the European Commission
B) the European Parliament
C) the Council of Ministers
D) the European Court of Justice
E) the European Committee of the Regions

Answer: C
Explanation: The Council of Ministers is the decision-making body of the European Union; it is the Council's responsibility to debate and decide which proposals of the Single European Act to accept as binding on EU members.
Difficulty: 1 Easy
Topic: Western Europe's Marketplace in the World Economy
Learning Objective: 10-03 The evolution of the European Union.
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62) Which European Union institution originally had only a consultative role but can now amend and adopt Union legislation?
A) the European Parliament
B) the Council of Ministers
C) the Court of Justice
D) the European Commission
E) the European Central Bank

Answer: A
Explanation: The European Parliament originally had only a consultative role that passed on most Union legislation. It can now amend and adopt legislation, though it does not have the power to initiate legislation. It also has extensive budgetary powers that allow it to be involved in major EU expenditures.
Difficulty: 1 Easy
Topic: Western Europe's Marketplace in the World Economy
Learning Objective: 10-03 The evolution of the European Union.
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63) The institutions of the European Union form a(n) _____ pattern.
A) bilateral
B) unitary
C) federal
D) provincial
E) global

Answer: C
Explanation: The European Union's institutions form a federal pattern with executive, parliamentary, and judicial branches.
Difficulty: 1 Easy
Topic: Western Europe's Marketplace in the World Economy
Learning Objective: 10-03 The evolution of the European Union.
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64) The European Commission, the Council of Ministers, the European Parliament, and the Court of Justice are institutions of the
A) COMECON.
B) European Free Trade Area.
C) European Economic Area.
D) European Union.
E) Trans-Pacific Union.

Answer: D
Explanation: The European Union's institutions form a federal pattern with executive, parliamentary, and judicial branches: the European Commission, the Council of Ministers, the European Parliament, and the Court of Justice, respectively.
Difficulty: 1 Easy
Topic: Western Europe's Marketplace in the World Economy
Learning Objective: 10-03 The evolution of the European Union.
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65) The European _____ initiates policy and supervises its observance by member states, and it proposes and supervises execution of laws and policies.
A) Parliament
B) Committee of the Regions
C) Commission
D) Court of Auditors
E) Court of Justice

Answer: C
Explanation: The European Commission initiates policy and supervises its observance by member states, and it proposes and supervises execution of laws and policies.
Difficulty: 1 Easy
Topic: Western Europe's Marketplace in the World Economy
Learning Objective: 10-03 The evolution of the European Union.
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66) The _____ is the decision-making body of the European Union that can enact into law all proposals by majority vote except for changes in tax rates on products and services, which require unanimous vote.
A) United Nations
B) World Trade Organization
C) European Commission
D) Commonwealth of Independent States
E) Council of Ministers

Answer: E
Explanation: The Council of Ministers is the decision-making body of the European Union; it is the Council's responsibility to debate and decide which proposals of the Single European Act to accept as binding on the members of European Union. The Council can enact into law all proposals by majority vote except for changes in tax rates on products and services, which require unanimous vote.
Difficulty: 1 Easy
Topic: Western Europe's Marketplace in the World Economy
Learning Objective: 10-03 The evolution of the European Union.
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67) The various legal instruments used by the European Union
A) issue regulations that are binding against the member states if the national courts of the member states agree to the regulations.
B) must confer with the United Nations before issuing directives against member states.
C) direct all disputes involving the European Union law to the International Court of Justice.
D) have the authority to issue regulations that bind the member states directly.
E) require the approval of individual nations to address binding decisions against an enterprise of that nation.

Answer: D
Explanation: The European Union uses three legal instruments: (1) regulations binding the member states directly and having the same strength as national laws; (2) directives also binding the member states but allowing them to choose the means of execution; and (3) decisions addressed to a government, an enterprise, or an individual, binding the parties named. Over the years, the Union has gained an increasing amount of authority over its member states.
Difficulty: 2 Medium
Topic: Western Europe's Marketplace in the World Economy
Learning Objective: 10-03 The evolution of the European Union.
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