Exam #3

1.(t/f) Classical economists like Adam Smith believed that economics was a science just like physics.

2.(t/f) Classical economists believe that they discovered a natural phenomenon, the market, and that it was governed by laws.

3.(t/f) According to your professor, economic theories have broad social implications,i.e., the way society should be organized and social policies.

4.(t/f) According to Adam Smith, a freely competitive economy will regulate itself by the invisible hand of the market place.

5.(m/c) All of the following are characteristics of capitalism EXCEPT:

a. private ownership b. production of goods for sale c. laissez faire

d. equality e. none are exceptions

6.(m/c) All of the following are characteristics of socialism EXCEPT:

a. collective ownership b. production for social needs

c. equality d. worker controlled production e. none are exceptions

7.(m/c) Which of the following are rights under capitalism?

a. profit b. housing c. health care d. food e. all of above

8.(m/c) Which of the following are rights under socialism?

a. food b. housing c. health care d. b and c e. all of above

9.(m/c) According to Adam Smith, capitalism is the best economic system because:

a. it allows the market place to function without interference.

b. it understands the truth about human nature.

c. it guarantees every one will be a winner.

d. a and b e. all of above

10.(t/f) According to Smith, human beings are greedy by nature and will naturally engage in the pursuit of profit.

11.(m/c) According to Smith, the law of supply and demand guarantees which of the following?

a. market place demands will be met by capitalist entrepreneurs.

b. competition will guarantee that the market place will provide the best products.

c. all social needs will be met d. a and b e. all of above

12.(t/f) The Second Law of the market place, the accumulation of profit, guarantees that capitalists will reinvest profit in technologies of production.

13.(t/f) According to the Third Law of the market place, when the capitalist does well so will the worker.

14.(t/f) The Fourth Law of the market place, laissez faire, is that the government should only intervene in the market when it is necessary to bail out a corporation that is too big to fail.

15.(m/c) According to Smith, the role of the government in creating an environment for a nation’s economic system involves all of the following EXCEPT:

a. creation of a system of finance b. tariffs to protect domestic industries

c. creation of a physical infrastructure d. financing and raising a military

e. none are exceptions

16.(t/f) Milton Friedman, like Adam Smith, believes that capitalism is the best economic system but he also believes that it necessarily leads to religious and political freedom.

17.(t/f) Milton Friedman believes that public education is socialism.

18.(m/c) According to Milton Friedman, which of the following should be policy goals in a capitalist system?

a. complete deregulation so that the market can self-regulate. b. privatization

c. social programs to help the losers in capitalism d. a and b e. all of above

19.(t/f) Milton Friedman believed that shock in the form of a natural or man-made disaster might be necessary to get people to accept his policy goals because people are used to the government helping them.

20.(m/c) According to Friedman, free market therapy means all of the following EXCEPT:

a. privatization of publicly owned industries b. elimination of all tariffs and subsidies

c. downsizing government d. elimination of unions e. none are exceptions

21.(t/f) Friedman thought that Hurricane Katrina presented a wonderful opportunity because it destroyed the public school system of New Orleans which meant that a new private system could be built.

22.(m/c) According to your professor, since the 1980s, the U.S. has adopted which of the following of Friedman’s policies?

a. deregulation, especially of the financial industry. b. privatization, especially the military.

c. elimination of social programs, for example, welfare. d. a and b e. all of above

23.(t/f) According to the theory of monopoly capitalism, multi-national corporations have become the dominant institution in society

24.(t/f) The legal obligation of the CEO of a public corporation is to maximize return on investment for their shareholders..

25.(m/c) All of the following are reasons that corporations have become larger and more interconnected EXCEPT:

a. mergers b. acquisitions c. interlocking directorates d. shared ownership

e. none are exceptions

26.(t/f) Monopolies are illegal under U.S. law, however the U.S. economy is dominated by shared monopolies which, according to your professor, function much the same way as a monopoly, for example, eliminating real competition and controlling both supply and demand.

27.(m/c) Which of the following are common corporate goals for maximizing profit?

a. controlling labor costs b. oursourcing c. expansion

d. a and b e. all of above

28.(m/c) All of the following are ways that monopoly capitalism undermines the “law of supply and demand” EXCEPT:

a. shared ownership b. interlocking directorates c. trade groups d. a and c

e. none are exceptions.

29.(t/f) Technologies of production which deskill workers is a way that owners have used historically to disempower workers.

30.(t/f) According to the theory of monopoly capitalism, U.S. democracy is undermined by campaign financing and lobbying.

31.(t/f) According to the theory of monopoly capitalism, the military serves the interest of monopoly capital through military interventions in other countries, for example, intervention in Iraq in order to secure control of Iraq’s oil for U.S corportations.

32.(t/f) According to the theory of monopoly capitalism, opinion is shaped in U.S. democracy by large media corporations which filter information and ideas to conform to corporate interests.

33.(t/f) According to the theory of monopoly capitalism, shared monopolies can manipulate both supply and demand.

34.(t/f) According to the theory of monopoly capitalism, corporations tend to distribute profits as dividends to stock holders and “retention bonuses” before they reinvest in infrastructure.

35.(t/f) While multi-national corporations want a free market and no government regulation, they do want the $400 billion in wealthfare the government gives them every year.

36.(m/c) All of the following are characteristics of the process of globalization according to Thomas Friedman EXCEPT:

a. the process is inevitable b. the process is avoidable c. the process is progressive

d. the process is linear and therefore reversible e. none are exceptions

37.(t/f) Thomas Friedman concludes that globalization will be good for all countries.

38.(m/c) According to Thomas Friedman, the means by which the process of globalization is advancing are:

a. technology transfer, where Third World countries get modern technology.

b. free trade agreements that eliminate trade barriers so that all countries can trade freely in the global market place.

c. a global regulatory system to guarantee that all countries comply with the rules of the global agreements.

d. developmental loans to help the poor countries progress. e. all of above

39.(t/f) One of Thomas Friedman’s conclusions is that as a result of globalization there will be three billion people who are well off and three billion people serving them.

40.(m/c) Immanuel Wallerstein’s theory is called world systems theory and he thinks that it explains all of the following EXCEPT:

a. “underdevelopment” of Third World countries as a historical development.

b. limits to modernization theory, Third World countries will not develop.

c. capitalism as a nation state phenomenon. d. a and c e. all of above

41.(t/f) Wallerstein says that he is a structural functionalist whose world system can be analyzed by applying the AGIL matrix to it.

42.(t/f) According to Wallerstein, the peripheral countries of the world system dominate the system.

43.(m/c) According to Wallerstein, there is a world wide division of labor; it

a. includes different economic functions for the different parts of the world system.

b. includes different types of labor within the different parts of the world system.

c. guarantees raw materials and cheap labor for the core.

d. a and b e. all of above

44.(m/c) According to neo-colonial theory, the characteristics of the new globalized world are:

a. that it is shaped by powerful forces.

b. that it is a system of domination and subordination.

c. that it will eliminate cultures.

d. a and b e. all of above

45.(m/c) According to neo-colonial theory the powerful forces shaping the world are all of the following EXCEPT:

a. Multi-National corporations b. First World Governments

c. Third World Elites d. U.S. Military/National militaries e. none are exceptions

46.(m/c) All of the following are goals of MNCs EXCEPT:

a. cheap natural resources b. cheap labor c. open markets

d. agreements on intellectual property rights e. none are exceptions

47.(t/f) The main means by which neo-colonialism (economic imperialism) works is by military conquest.

48.(m/c) Structural adjustment plans demand all of the following EXCEPT:

a. privatization of profitable national industries b. privatization of government services

c. increased social services d. no tariffs e. none are exceptions

49.(m/c) The company that pled guilty to paying a paramilitary/death squad to kill union organizers was;

a. Dole b. Chiquita c. Exxon Mobil d. Coca Cola

50.(t/f) Export processing zones have been shown to benefit the people of the host country significantly through the trickle down effect.

51.(m/c) Structural adjustment plans have forced almost a third of the world’s population from rural to urban areas. This has created a planet of slums whose residents are more vulnerable to all of the following EXCEPT:

a. natural disasters b. fires c. toxic pollution d. contaminated water e. none are exceptions

52.(t/f) Millions are hungry throughout the world despite the fact that enough food is produced in the world to feed everyone.

53.(m/c) McDonaldization theory is influenced by what classical theorist?

a. Marx b. Weber c. Durkheim

54.(t/f) According to Ritzer, efficiency requires that both workers and customers following clear rules of behavior.

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55.(t/f) A component of the standardized setting at a fast food restaurant is the predictable emotions of the employees.

56.(t/f) According to Ritzer, a primary goal of McDonaldization is the continual introduction of non-human technology so that efficiency, calculability and predictability can be more easily guaranteed.

57.(t/f) Ritzer agrees with Weber that dehumanization is an irrational consequence of rationalization.

58.(m/c) All of the following are assumptions of the instrumental theory of technology EXCEPT:

a. autonomous b. inevitable c. progress d. unpredictable e. none are exceptions

59.(t/f) According to the instrumental theory of technology, technology is a tool, that performs a function, that fulfills a need, and humans control its use.

60.(t/f) According to the critical theory of technology, technological development is shaped by the interests of large institutions who can define both the needs and the solutions.

61.(m/c) The novel that challenges the instrumental view that humans control technology is:

a. Frankenstein b. Dracula c. Total Recall d. Do Androids Dream of Electric Sheep?

62.(t/f) An unintended consequence of anti-biotics is diseases resistant to antibiotics.