

***Global Problems Global Solutions Prospects for a
Better World 1st edition Chirico Test Bank***

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Chapter 2: Socio-Economic Fault Lines: Inequality, Poverty, and Development

Test Bank

Multiple Choice

1. The _____ ratio looks at the deviation of the actual distribution of income in comparison to perfect equality.

- a. GNI
- b. Parma
- c. Gini
- d. Wealth

Ans: C

Learning Objective: 2.1: Document the trends in inequality of income and wealth among and within the globe, regions, and nations as well as among individuals.

Cognitive Domain: Knowledge

Answer Location: Understanding Inequality

Difficulty Level: Medium

2. Comparing the ratio of the incomes of developing regions to developed overtime shows inequality is _____.

- a. increasing
- b. decreasing
- c. stagnant
- d. eradicated

Ans: B

Learning Objective: 2.1: Document the trends in inequality of income and wealth among and within the globe, regions, and nations as well as among individuals.

Cognitive Domain: Comprehension

Answer Location: Income Inequality Among Regions

Difficulty Level: Medium

3. _____ is a monetary amount received over a period of time.

- a. Money
- b. Wealth
- c. Gini
- d. Income

Ans: D

Learning Objective: 2.1: Document the trends in inequality of income and wealth among and within the globe, regions, and nations as well as among individuals.

Cognitive Domain: Knowledge

Answer Location: Wealth Inequality Among Regions

Difficulty Level: Easy

4. Jorge works a minimum-wage job, but he has many expensive assets in his name.

Jorge is an example of someone who has _____.

- a. high wealth
- b. low wealth
- c. high income
- d. high debt

Ans: A

Learning Objective: 2.1: Document the trends in inequality of income and wealth among and within the globe, regions, and nations as well as among individuals.

Cognitive Domain: Application

Answer Location: Wealth Inequality Among Regions

Difficulty Level: Medium

5. An economy should procure, produce, and distribute _____ for the people dependent on it.

- a. equal wealth
- b. minimal goods and services
- c. adequate means of survival
- d. religious materials

Ans: C

Learning Objective: 2.1: Document the trends in inequality of income and wealth among and within the globe, regions, and nations as well as among individuals.

Cognitive Domain: Knowledge

Answer Location: How Well Does the Global Economy Function?

Difficulty Level: Medium

6. We can evaluate an institution by how well it fulfills its _____.

- a. primary functions
- b. secondary functions
- c. distribution
- d. economy

Ans: A

Learning Objective: 2.1: Document the trends in inequality of income and wealth among and within the globe, regions, and nations as well as among individuals.

Cognitive Domain: Application

Answer Location: How Well Does the Global Economy Function?

Difficulty Level: Easy

7. Forty-five percent of childhood mortality is caused by _____.

- a. preventable disease
- b. hunger
- c. autoimmune disease
- d. unpalatable water

Ans: B

Learning Objective: 2.2: Evaluate the consequences of inequality and poverty for people's life chances.

Cognitive Domain: Knowledge

Answer Location: How Well Does the Global Economy Function?

Difficulty Level: Medium

8. The relative position of individuals within societies affects _____ chances.

- a. domestic
- b. global
- c. personal
- d. life

Ans: D

Learning Objective: 2.2: Evaluate the consequences of inequality and poverty for people's life chances.

Cognitive Domain: Comprehension

Answer Location: How Well Does the Global Economy Function?

Difficulty Level: Easy

9. _____ inequality is measured as an annual flow of money accruing to an individual.

- a. Wealth
- b. Income
- c. Economic
- d. Financial

Ans: B

Learning Objective: 2.2: Evaluate the consequences of inequality and poverty for people's life chances.

Cognitive Domain: Knowledge

Answer Location: Understanding Inequality

Difficulty Level: Easy

10. The _____ method of measuring inequality looks at the relationship between the bottom 40% and top 1%.

- a. World Bank
- b. Gini
- c. Parma
- d. Capitalist

Ans: C

Learning Objective: 2.2: Evaluate the consequences of inequality and poverty for people's life chances.

Cognitive Domain: Comprehension

Answer Location: Understanding Inequality

Difficulty Level: Medium

11. The _____ of resources is the primary factor preventing people from having equal chances at life.

- a. availability

- b. quantity
- c. access
- d. distribution

Ans: D

Learning Objective: 2.2: Evaluate the consequences of inequality and poverty for people's life chances.

Cognitive Domain: Comprehension

Answer Location: Wealth Inequality Among Regions

Difficulty Level: Easy

12. The _____ curve visualizes the percentage of a given variable that accrues to every percent of a population.

- a. Parma
- b. Lorenz
- c. Gini
- d. income

Ans: B

Learning Objective: 2.2: Evaluate the consequences of inequality and poverty for people's life chances.

Cognitive Domain: Knowledge

Answer Location: Global Inequality of Income

Difficulty Level: Medium

13. The primary drivers of the decline in global inequality are China and _____.

- a. India
- b. the United States
- c. Canada
- d. Japan

Ans: A

Learning Objective: 2.2: Evaluate the consequences of inequality and poverty for people's life chances.

Cognitive Domain: Comprehension

Answer Location: Global Inequality of Income

Difficulty Level: Medium

14. Life expectancy at birth, expected years of schooling, mean years of schooling, and _____ per capita are four indicators that form the basic HDI.

- a. UNDP
- b. GNI
- c. GINI
- d. GDP

Ans: B

Learning Objective: 2.3: Understand how globalization, historical, environmental, cultural, and geographic factors contribute to uneven development and inequality among countries.

Cognitive Domain: Knowledge

Answer Location: Impacts of Global Poverty and Inequality
Difficulty Level: Hard

15. Societies with low HDI experience _____.

- a. increased income
- b. increased life chances
- c. the least amount of social problems
- d. the most social problems

Ans: D

Learning Objective: 2.3: Understand how globalization, historical, environmental, cultural, and geographic factors contribute to uneven development and inequality among countries.

Cognitive Domain: Application

Answer Location: Impacts of Global Poverty and Inequality
Difficulty Level: Medium

16. Using three key indicators, the HDI compares a(n) _____ adjusted index.

- a. inequality
- b. gross
- c. currency
- d. location

Ans: A

Learning Objective: 2.3: Understand how globalization, historical, environmental, cultural, and geographic factors contribute to uneven development and inequality among countries.

Cognitive Domain: Knowledge

Answer Location: Impacts of Global Poverty and Inequality
Difficulty Level: Medium

17. Traditionally, when social scientists refer to a society as developing, they refer to the process of _____ transition.

- a. industrial
- b. political
- c. economic
- d. social

Ans: C

Learning Objective: 2.4: Distinguish developing countries from developed countries and know the basis on which they are classified.

Cognitive Domain: Comprehension

Answer Location: Development and Economic Transitions
Difficulty Level: Easy

18. The _____ sector is the portion of the economy or labor force that involves securing raw materials and resources directly from the land.

- a. secondary
- b. primary

- c. manufacturing
- d. capitalist

Ans: B

Learning Objective: 2.5: Understand the relationship between labor force participation in economic sectors and human development.

Cognitive Domain: Knowledge

Answer Location: Development and Economic Transitions

Difficulty Level: Easy

19. _____ industry is the service industry.

- a. Tertiary
- b. Agricultural
- c. Manufacturing
- d. Customer service

Ans: A

Learning Objective: 2.5: Understand the relationship between labor force participation in economic sectors and human development.

Cognitive Domain: Knowledge

Answer Location: Development and Economic Transitions

Difficulty Level: Easy

20. _____ institutions neither supported long term development nor disappeared with the end of colonization.

- a. Direct rule
- b. Inclusive
- c. Detractive
- d. Extractive

Ans: D

Learning Objective: 2.5: Understand the relationship between labor force participation in economic sectors and human development.

Cognitive Domain: Knowledge

Answer Location: Extractive Institutions and Inequality

Difficulty Level: Medium

21. The type of institutions a society develops makes the biggest difference with respect to _____.

- a. industrialization
- b. socialism
- c. capitalism
- d. family ties

Ans: A

Learning Objective: 2.3: Understand how globalization, historical, environmental, cultural, and geographic factors contribute to uneven development and inequality among countries.

Cognitive Domain: Comprehension

Answer Location: Extractive Institutions and Inequality

Difficulty Level: Medium

22. Colonialism lasted into the _____.

- a. 1930s and 1940s
- b. 1940s and 1950s
- c. 1950s and 1960s
- d. 1960s and 1970s

Ans: D

Learning Objective: 2.3: Understand how globalization, historical, environmental, cultural, and geographic factors contribute to uneven development and inequality among countries.

Cognitive Domain: Knowledge

Answer Location: Extractive Institutions and Inequality

Difficulty Level: Medium

23. Openness to the global economy as measured by the percent of _____ accounted for by imports and exports is positively related to human development.

- a. GNI
- b. GDP
- c. UNDP
- d. GINI

Ans: B

Learning Objective: 2.3: Understand how globalization, historical, environmental, cultural, and geographic factors contribute to uneven development and inequality among countries.

Cognitive Domain: Knowledge

Answer Location: The Global Economy

Difficulty Level: Hard

24. The United States experiences thousands of premature deaths every year due to _____.

- a. air pollution
- b. greenhouse gases
- c. water pollution
- d. income inequality

Ans: A

Learning Objective: 2.2: Evaluate the consequences of inequality and poverty for people's life chances.

Cognitive Domain: Knowledge

Answer Location: Climate Change

Difficulty Level: Easy

25. The explosion of growth in the 1970s lifted many countries and people out of poverty and into _____ status.

- a. developing
- b. developed

- c. high income
- d. low income

Ans: D

Learning Objective: 2.3: Understand how globalization, historical, environmental, cultural, and geographic factors contribute to uneven development and inequality among countries.

Cognitive Domain: Knowledge

Answer Location: Slow Growth or Income Traps?

Difficulty Level: Medium

26. Which of the following is a contributing factor to the slowing of growth in China?

- a. declining wages
- b. shrinking labor force
- c. elimination of labor unions
- d. increased demand for exports

Ans: B

Learning Objective: 2.3: Understand how globalization, historical, environmental, cultural, and geographic factors contribute to uneven development and inequality among countries.

Cognitive Domain: Knowledge

Answer Location: Is China Stuck?

Difficulty Level: Medium

27. _____ is signified by an employment to population percentage that stagnated at about 60%, and has marked many economies since the early 2000s.

- a. Income growth
- b. Job growth
- c. Jobless growth
- d. Inclusive growth

Ans: C

Learning Objective: 2.3: Understand how globalization, historical, environmental, cultural, and geographic factors contribute to uneven development and inequality among countries.

Cognitive Domain: Knowledge

Answer Location: Direct Economic Growth

Difficulty Level: Medium

28. Multiple levels of _____ increase the likelihood that domestic mobilization in combination with international pressures increase actual respect for rights.

- a. deregulatory authority
- b. regulatory authority
- c. social transfer
- d. social welfare

Ans: B

Learning Objective: 2.6: Propose actions that international governmental organizations, the private sector, non-governmental organizations, and states can take to improve

people's life chances.

Cognitive Domain: Comprehension

Answer Location: Ensure Dignity in Work

Difficulty Level: Medium

29. According to a Brookings Institute report, major shortcomings that emerged from their analysis of foreign aid practices include transparency, fragmentation, and _____.

- a. selectivity
- b. social capital
- c. employment
- d. GDP

Ans: A

Learning Objective: 2.3: Understand how globalization, historical, environmental, cultural, and geographic factors contribute to uneven development and inequality among countries.

Cognitive Domain: Knowledge

Answer Location: Target Foreign Aid

Difficulty Level: Medium

30. Margaret is trying to start a small sewing business, but she doesn't have enough money to buy the high quality sewing machine she needs. Despite her limited credit history, Grameen Bank agrees to provide her with the \$600 she needs for the sewing machine, to be paid back in small amounts each month. What has Margaret benefitted from?

- a. corporate social responsibility
- b. a conventional loan
- c. a grant
- d. a microloan

Ans: D

Learning Objective: 2.5: Understand the relationship between labor force participation in economic sectors and human development.

Cognitive Domain: Application

Answer Location: The Private Sector

Difficulty Level: Medium

31. _____ is an investment strategy developed by Jacqueline Novogratz, which uses a long-term horizon for investing.

- a. Patient capitalism
- b. Slow capitalism
- c. Fast capitalism
- d. Patient economics

Ans: A

Learning Objective: 2.5: Understand the relationship between labor force participation in economic sectors and human development.

Cognitive Domain: Knowledge

Answer Location: Patient Capitalism

Difficulty Level: Medium

32. Gerald recently started a clinic in a low-income neighborhood that he wants to expand in order to provide more services. Gerald expects the clinic to do well, but it will likely grow at a slow pace. The Acumen Fund decides to invest in the clinic, even though other investors Gerald approached were not interested. What has Gerald's clinic benefitted from?

- a. charity
- b. patient capitalism
- c. corporate social responsibility
- d. capitalism

Ans: B

Learning Objective: 2.6: Propose actions that international governmental organizations, the private sector, non-governmental organizations, and states can take to improve people's life chances.

Cognitive Domain: Application

Answer Location: Patient Capitalism

Difficulty Level: Hard

33. Miscellaneous Objects Inc. has signed a compact that requires it to change some of its business practices. In order to comply with the compact, the company has shut down one of its manufacturing facilities that was found to be using underage workers. The compact signed by Miscellaneous Objects Inc. was likely part of a(n) _____.

- a. effort to reduce white collar crime
- b. new government program
- c. corporate social responsibility initiative
- d. downsizing initiative

Ans: C

Learning Objective: 2.6: Propose actions that international governmental organizations, the private sector, non-governmental organizations, and states can take to improve people's life chances.

Cognitive Domain: Application

Answer Location: Corporate Social Responsibility

Difficulty Level: Hard

34. _____ is a global grassroots movement consisting of grassroots organizations, federations of organizations, supplier, producers, importers, and exporters all over the world.

- a. World Trade
- b. Fair Trade
- c. Global Compact
- d. Free Trade

Ans: B

Learning Objective: 2.6: Propose actions that international governmental organizations, the private sector, non-governmental organizations, and states can take to improve people's life chances.

Cognitive Domain: Knowledge

Answer Location: Closing the Gap through Fair Trade

Difficulty Level: Medium

35. The _____ Organization includes regional trade organizations, small scale producers, and grassroots organizations.

- a. World Fair Trade
- b. World Free Trade
- c. Free Trade
- d. Fair Trade

Ans: A

Learning Objective: 2.6: Propose actions that international governmental organizations, the private sector, non-governmental organizations, and states can take to improve people's life chances.

Cognitive Domain: Knowledge

Answer Location: Closing the Gap through Fair Trade

Difficulty Level: Medium

True/False

1. The global economy is failing many people in the world.

Ans: T

Learning Objective: 2.1: Document the trends in inequality of income and wealth among and within the globe, regions, and nations as well as among individuals.

Cognitive Domain: Comprehension

Answer Location: How Well Does the Global Economy Function?

Difficulty Level: Easy

2. Measuring inequality is very straightforward.

Ans: F

Learning Objective: 2.1: Document the trends in inequality of income and wealth among and within the globe, regions, and nations as well as among individuals.

Cognitive Domain: Comprehension

Answer Location: Understanding Inequality

Difficulty Level: Easy

3. There is insufficient income to give everyone sufficient life chances.

Ans: F

Learning Objective: 2.2: Evaluate the consequences of inequality and poverty for people's life chances.

Cognitive Domain: Knowledge

Answer Location: Income Inequality Among Regions

Difficulty Level: Medium

4. The country and region into which people are born only minimally impacts their life

chances.

Ans: F

Learning Objective: 2.3: Understand how globalization, historical, environmental, cultural, and geographic factors contribute to uneven development and inequality among countries.

Cognitive Domain: Knowledge

Answer Location: Wealth Inequality Among Regions

Difficulty Level: Easy

5. The world, as a whole, is wealthy.

Ans: T

Learning Objective: 2.1: Document the trends in inequality of income and wealth among and within the globe, regions, and nations as well as among individuals.

Cognitive Domain: Knowledge

Answer Location: Wealth Inequality Among Individuals: The Global Wealth Pyramid

Difficulty Level: Medium

6. The larger the Gini coefficient, the greater the inequality.

Ans: T

Learning Objective: 2.2: Evaluate the consequences of inequality and poverty for people's life chances. | 2-3: Understand how globalization, historical, environmental, cultural, and geographic factors contribute to uneven development and inequality among countries.

Cognitive Domain: Application

Answer Location: Global Inequality of Income: The Lorenz Curve

Difficulty Level: Hard

7. Increased worker productivity creates increased worker compensation.

Ans: F

Learning Objective: 2.5: Understand the relationship between labor force participation in economic sectors and human development.

Cognitive Domain: Comprehension

Answer Location: Inequality of Income Within Countries

Difficulty Level: Medium

8. Slavery has been eradicated in 98% of the world.

Ans: F

Learning Objective: 2.3: Understand how globalization, historical, environmental, cultural, and geographic factors contribute to uneven development and inequality among countries.

Answer Location: Slavery: It Still Exists

Cognitive Domain: Comprehension

Difficulty Level: Medium

9. In capitalist systems, inequality is thought to be necessary for growth.

Ans: T

Learning Objective: 2.5: Understand the relationship between labor force participation in

economic sectors and human development.

Cognitive Domain: Comprehension

Answer Location: Wealth Inequality Within Countries

Difficulty Level: Medium

10. In societies that limit people's life chances through inequality, only those at the bottom suffer.

Ans: F

Learning Objective: 2.2: Evaluate the consequences of inequality and poverty for people's life chances.

Cognitive Domain: Comprehension

Answer Location: Impacts of Global Poverty and Inequality

Difficulty Level: Easy

Essay

1. Why is it so difficult to measure inequality? In addition to your explanation, name and describe two methods that attempt to measure inequality.

Ans: Varies. Inequality is difficult to measure because there are multiple ways to look at it (income vs. wealth) and measure it. Income comes from labor (a wage) whereas wealth comes from the ownership of financial assets. One may have high income and low wealth, or low income and high wealth. The Gini ratio looks at the deviation of the actual distribution of income or wealth in comparison to perfect equality. In this instance, perfect equality is measured at "0", and one person owning everything is measured at "1." The Parma method looks to the relationship between the bottom 40% and top once percent.

Learning Objective: 2.1: Document the trends in inequality of income and wealth among and within the globe, regions, and nations as well as among individuals.

Cognitive Domain: Application

Answer Location: Understanding Inequality

Difficulty Level: Medium

2. Describe the effects of income inequality within countries.

Ans: Varies. Income inequality within countries, even wealthy ones, is destructive. It stifles intergenerational upward mobility which can lead to feelings of hopelessness and disaffection from the society. It stifles economic growth, breeds social resentment, and can generate political instability.

Learning Objective: 2.1: Document the trends in inequality of income and wealth among and within the globe, regions, and nations as well as among individuals.

Cognitive Domain: Comprehension

Answer Location: Impacts of Global Poverty and Inequality

Difficulty Level: Easy

3. Franklin Roosevelt (1932) used the term "the bottom of the pyramid" to describe "the forgotten, the unorganized, but the indispensable units of economic power." Who was

he referring to, and who makes up this group today?

Ans: Varies. Roosevelt was referring to the bankrupt farmers and workers who were at the bottom of the pyramid in the United States. He stressed their importance in rebuilding the U.S. economy from the bottom up. Many politicians and industrial leaders of the period proposed “top down” plans to revitalize the nation. They wanted to give money to big banks and corporations. Roosevelt wanted to give as much help to the “little fellow” and little banks that would help those at the bottom build themselves up again. Today, slaves and low-income workers make up the bottom of the pyramid.

Learning Objective: 2.3: Understand how globalization, historical, environmental, cultural, and geographic factors contribute to uneven development and inequality among countries.

Cognitive Domain: Comprehension

Answer Location: The Bottom of the Pyramid

Difficulty Level: Hard

4. Please name and describe the three sectors of economic activity.

Ans: Varies. The three sectors of economic activity are primary (agricultural), secondary (manufacturing), and tertiary (service) industries. The primary sector is that portion of the economy or labor force that involves securing raw materials and resources directly from the land. The manufacturing sector turns the primary resource into a product or goods. The tertiary industry consists of low-skilled occupations that require little education, as well as high-skilled occupations that require high education. The lower skilled sector performs many of the tasks associated with domestic work. The higher-level service sector are in finance, marketing, and tech positions.

Learning Objective: 2.5: Understand the relationship between labor force participation in economic sectors and human development.

Cognitive Domain: Comprehension

Answer Location: Development and Economic Transitions

Difficulty Level: Medium

5. A 2014 publication by the OECD cites corruption as one of the main obstacles to development for all economies. It lists four main ways that corruption inhibits development. What are the four components?

Ans: Varies. The OECD cites that corruption increases the cost of doing business; leads to waste and the inefficient use of public resources; perpetuates poverty by excluding poor people from public services; and erodes public trust by undermining the rule of the law and delegitimizing the state.

Learning Objective: 2.3: Understand how globalization, historical, environmental, cultural, and geographic factors contribute to uneven development and inequality among countries.

Cognitive Domain: Knowledge

Answer Location: Corruption

Difficulty Level: Medium

6. How is corruption “the hidden tax on global growth?”

Ans: Varies. Corruption may be considered the hidden tax on global growth. Corruption

undermines the development of countries in subtle ways. Corruption by low level officials and bureaucrats bears a high economic cost and a high cost in human capital. For example, when children lose out in health care it leads to physical stunting and even child mortality. Wealthy countries that shelter money from politicians or business owners are complicit in the corruption and benefit from it.

Learning Objective: 2.3: Understand how globalization, historical, environmental, cultural, and geographic factors contribute to uneven development and inequality among countries.

Cognitive Domain: Analysis

Answer Location: Corruption

Difficulty Level: Medium

7. In what ways do climate change and pollution bear a cost to societies?

Ans: Varies. The costs of climate change include such things as adapting agriculture, preventing and treating increases in vector-borne diseases, and harm to trade and fishers. This does not include the cost of forced migration and illnesses such as heat stress, pollution, and allergen levels. Climate change contributes to violent conflict, particularly during drought and food insecurity. Terrorist groups may also take advantage of drought conditions to control water supplies or to lure recruits.

Learning Objective: 2.3: Understand how globalization, historical, environmental, cultural, and geographic factors contribute to uneven development and inequality among countries.

Cognitive Domain: Analysis

Answer Location: Climate Change

Difficulty Level: Medium

8. What are some ways in which government policies can make a difference in wage growth?

Ans: Varies. Minimum wage reform, collective bargaining legislation, and programs to increase labor productivity are actions governments can take. For example, labor productivity may be increased through education, training, development funding, tax incentives, infrastructure investment, and universal occupational licensing are actions governments can take. Income tax legislation (such as earned credit) can distribute the gains of productivity more equitably. Ending non-compete practices for skilled and unskilled workers and other practices that limit mobility can better help them help themselves.

Learning Objective: 2.6: Propose actions that international governmental organizations, the private sector, non-governmental organizations, and states can take to improve people's life chances.

Cognitive Domain: Application

Answer Location: Wage Growth in the United States

Difficulty Level: Medium

9. Do equal life chances provide equal results? Please explain your answer.

Ans: Varies. Equal life chances do not guarantee or mean equal results. Equal life chances mean an equal chance to succeed. Providing equal life chances requires

addressing the needs of the poor generally as well as target groups such as women, children, and ethnic and racial minorities. A combination of programs and policies to guarantee human and civil rights, eliminate extreme income inequality and extreme poverty, provide social welfare remedies to supplement labor market weakness

Learning Objective: 2.2: Evaluate the consequences of inequality and poverty for people's life chances.

Cognitive Domain: Analysis

Answer Location: Fighting Poverty and Inequality

Difficulty Level: Easy

10. Why is it important to understand the concept of life chances?

Ans: Varies. It is important to understand the concept of life chances to better understand local and global inequality. Some may assume that individuals in poor communities are just lazy, but in reality, there are many social structures preventing them from experiencing upward mobility. If we broadly assume that disadvantaged individuals have the agency to improve their situations by simply working hard enough, we are ignoring the ways in which our global economy is failing them.

Learning Objective: 2.2: Evaluate the consequences of inequality and poverty for people's life chances.

Cognitive Domain: Analysis

Answer Location: Understanding Inequality

Difficulty Level: Medium