

G-12: EUEE QUESTIONS.

UNIT-8; SELF-RELIANCE.

Lesson 2 Dependency.

1. According to development theory, why poor countries remain poor and dependent?
 - A. Because their relation with developed countries are based on exploitation.
 - B. Because of back ward work culture of poor countries compared to the developed countries.
 - C. Because of large and uncontrolled population growth of developing countries.
 - D. Because of continuous conflict and war in developing countries.

Explanation.

The problems related to dependency are not limited to the individual or country. They also affect the relationship between poor and rich countries in the international context. Many scholars and development theorists argue that poor countries remain poor because their relationship with the rich and developed countries is characterized by exploitation and dependency.

#Answer "A"

2. Which of the following increases the dependency of poor countries according to the dependency theory?
 - A. Poor countries have not developed the culture of hard working.
 - B. World market system favors the wealthy industrialized countries.
 - C. Poor countries receive small financial support from rich countries.

D. Developing countries are less integrated in the world economic order.

. #Explanation.

According to dependency theorists, poverty and underdevelopment in developing countries are a result of the dependency of poor countries on the rich ones of the western world. They argue that the world market favors the rich industrialized countries which import raw materials cheaply from poor countries and export industrial goods at high prices. Though the poor countries' economies have been integrated in the international market, they cannot compete in the world market equally with the wealthier countries. For instance, it is the wealthier countries that decide the prices of coffee, tea and other commodities produced by poor countries in the world market. The poor countries have no option other than accepting these prices because they have very limited bargaining power.

- Rich countries exercise an indirect control over the poor countries' economies by controlling the international market.
- This means the system of the global market makes poor countries more and more dependent on rich countries.
- Like dependent individuals who are unable to be treated equally, poor countries that are dependent on wealthy countries cannot maintain their relationship on an equal basis.
- They play very weak roles in influencing international politics and, as mentioned above, have weak bargaining powers

- Poor countries are not completely free to formulate their policies independently because the powerful states may withdraw their support when the policies made by the poor countries do not suit their interests.

#Answer “B”

3. Which one of the following is a consequence of dependency?

- A. High life expectancy.
- B. Long term economic security.
- C. Freedom and relief from explaining one's position.
- D. Lack of confidence and feeling of inferiority.

#Explanation.

Psychological impact of dependency.

People who live depending on others suffer from psychological problems. They lack confidence and suffer from feelings of inferiority. They fail to argue in support of their own position and cannot make free decisions. They refrain from forwarding their ideas because they fear that other people would ridicule them and reject their ideas.

Economic impact of dependency.

Dependent people who live on the support of others also develop the habit of long-term economic dependency. A person with good health and physical fitness may prefer to rely on his/her parents, friends and

other people instead of working hard. Dependency also has a negative impact at the country level. A country that has a large number of dependents cannot achieve rapid economic progress because its dependent citizens consume the surplus produced by its working citizens. The development of such a country would be retarded since it cannot convert some of its products into the capital that is necessary to promote its development.

Social impact of dependency.

In addition to its economic impacts, dependency has social impacts. A dependent person may not be socially accepted among friends and in the community. As members of society, we occupy a status or social position. Our status is associated with certain responsibilities, expectations, behaviors and prestige that influence our relationships with other people. For instance, we shoulder responsibilities and get a certain level of prestige as a result of our occupation.

#Answer “D”

4. Which of the following is the major reason for dependency of poor countries on developed countries?

A. Developed countries penetrate poor countries' economies through their financial and technological superiority.

B. Developing countries equally benefit from their relationship with developed countries.

C. Developing countries lack interest to have a balanced trade relationship with developed countries.

D. Developed countries genuinely support developing countries to emerge as industrial powers.

#Explanation. G-11

Dependency results in risks to public welfare for the following major reasons:

- Poor nations provide free market access to wealthy nations. This means people in poor countries buy manufactured goods, obsolete or used goods from wealthy nations. From these trade relations, rich nations make profit and enjoy a high standard of living.
- Wealthy nations actively perpetuate a state of dependence by various means. This influence may be multifaceted involving economics, the media, politics, banking and finance, education, culture, sport and all aspects of human resource development (including recruitment and training of workers).

Dependency also results in being susceptible to interference from outside in the following ways:

- Financial and technological penetration by the developed capitalist countries.
- producing an unbalanced economic relationship within the poor countries and between them and the wealthy nations.
- Limitations on self-sustained growth of poor Countries.

#Answer "A"

5. Some poor countries take protective practices to reduce their dependence on developed countries. Which of the following is example of such practice?

- A. Expelling foreign countries working in their country.
- B. Terminating trade relationship with developed countries.
- C. Supporting domestic industries to produce manufactured goods.
- D. Stopping the import of manufactured goods from industrialized countries.

#Explanation.

There are many different and conflicting ideas on how developing countries can alleviate the effects of this system. Several protectionist or nationalist practices were adopted at one time or another by such countries. Some of them are listed below:

- Promoting domestic industry and manufactured goods. By providing subsidies to protect domestic industries, poor countries can sell their own products rather than simply exporting raw materials.
- Limiting the importation of luxury items and manufactured goods that can be produced within the country, the country can reduce its spending.
- Taking steps to keep foreign companies and individuals from operating businesses that draw on the resources of the country with the money being channeled out of the country.
- Forcibly taking over foreign-owned companies on behalf of the state, in order to keep profits within the country.

#Answer “C”

6. Which of the following is the impact of dependency?

- A. It results in losing political independence and establishment of colonial rule.
- B. It strengthens mutual cooperation between the developed and developing states.
- C. It subjects dependent nations to unnecessary interference from foreign countries.
- D. It promotes economic development by acquiring loans from the developed countries.

#Explanation.

Dependency in an international context

- Some theorists assert that the underdevelopment of the developing countries is the consequence of colonialism and neocolonialism that has resulted in the historical evolution of highly unequal Political and exploitative economic relationships between the developed and the developing countries.
- When comparing nations to people, those that are dependent on others also lose respect.

In developing countries, where material and financial resources are lacking to carry out development programs, the need for eternal borrowing is something one cannot afford to ignore. However, such a massive flow raises grave concerns. But the debt will have strong implications. Firstly, at a time when the debt is curtailed, it would result in budget shortages; secondly, it may put the country's interest at stake as, more often than not, it is associated with donor's economic, political and security motives.

Therefore, it is by developing self-reliance that a country can avoid the different influences that come with aid of different natures

#Answer "A"

7. "An action is good if it benefits a greatest number of people" which of the following ethical doctrine matches the above statement?

- | | |
|-----------------------|--------------------------|
| A. Utilitarianism | C. Moral theory of Kant |
| B. Ethical relativism | D. Cultural universalism |

#Explanation

This is another theory which considers the consequences of a particular decision. This is sometimes named **the Greatest Happiness Principle** as the outcome of any decision is expected to provide the most pleasure for the greatest number of recipients. 'According to utilitarian moral theory, when we evaluate human acts

or practices we consider neither the nature of the acts or practices nor the motive for which people do what they do.

By utilitarianism we ought to decide which action or practice is best by considering the likely or actual consequences of each alternative.'

#Answer "A"

8. According to Kant's moral theory, one of the following is true about decision making?

A. a decision that provides pleasure for the large number of people is sounding decision.

B. when we make decision the society norms and views should be taken in to account.

C. decision making should be based on the morality of people.

D. it is not the end result of an action that determines a decision.

#Explanation.

The third approach is a non-consequential theory in that it is not the end result of an action that determines the decision, but whether the action itself is perceived to be right.

'We may do what has good results, but if we do so for the wrong motive, then the act has no moral worth. However, it is not only the motive that counts for Kant. We must also do what is right. The act itself must be morally right. Both the act and the motive are morally relevant.

Using the example of inoculating a child, the decision here would be influenced by the belief that it is right to inoculate children against diseases, even if the outcome results are damaging. Although the consequences of the action are out of the control of the parents, the motive to do what is believed is good for the child is the main consideration.

#Answer "D"

9. Which of the following is correct about the relativity of truth?

- A. Truth depends on objective facts.
- B. Truth is a universally accepted truth.
- C. Truth depends in time and space.
- D. Truth is measured based on its utility.

#Explanation.

Ethical Relativism approach assumes that 'ethical values and beliefs are relative to the various individuals and societies that hold them.' Beliefs that people have'. Therefore, people take there is **no objective right or wrong and the issues are often matters on which people hold subjective opinions; 'morality is simply a function of the moral account of the norms and views of their society when deciding what is right or wrong.**

An example of this is the decision a person makes about inoculating their child against a disease. If their community believes that this is best for the child, the parent will go ahead. If society suspects the motives behind inoculation, the parent's decision would be affected.

#Answer "C"

10. The process of sufficiently reducing uncertainty about alternatives to make a reasonable choice refers to;

- A. Self-reliance.
- B. Assertiveness
- C. Decision-making.
- D. Self-awareness.

#Explanation.

Decision-making is the process of sufficiently reducing uncertainty and doubt about alternatives to allow a reasonable choice to be made from among them. This definition stresses the information gathering function of decision-making. It should be noted here that uncertainty

is reduced rather than eliminated. Very few decisions are made with absolute certainty because complete knowledge about all the alternatives is seldom possible. Thus, every decision involves a certain amount of risk. Risk and uncertainty can create anxiety, yet they are necessary components for an active life.

#Answer “C”

11. Which one of the following is the quality of good decision maker?

- A. Inability to shoulder responsibilities.
- B. Standing rigidly.
- C. Innovativeness.
- D. Speak softly.

#Explanation.

A good decision maker is a self-reliant person who has the following attributes: courage, social-mindedness, innovativeness, self-confidence, self-awareness, self-respect and the ability to shoulder responsibility.

#Answer “C”

12. Which one of the following is not the requirement of decision making ability?

- A. Unrealistic assessment of threat.
- B. Accurate information.
- C. Well thought out analysis of information.
- D. Assessment of strength and weakness.

#Explanation.

- Decisions are mental exercises and thus demand some level of firmness and courage.

Decision making ability requires; accurate information and well thought out analyses of the information, realistic assessment of opportunities, threats, strengths and weaknesses.

#Answer “A”

G-12 Unit-9 Saving

13. The saving of a nation can be enhanced by:

- A. Increasing the country's Gross Domestic product.
- B. Increasing the level of domestic consumption.
- C. Encouraging the consumption of imported goods.
- D. Discouraging the use of locally available products.

#Explanation.

For countries, saving is determined by their Gross Domestic Product (GDP). This measure of income is very important for a country. Countries with a greater GDP can consume and save more since GDP represents the total value of production of goods and services. This means, the more goods and services we produce, the more we are likely to consume and save. Therefore, as far as saving is concerned, the most important thing for a country to consider is its national income.

#Answer “A”

14. The advantage of using quality goods produced locally:

- A. Encourages the development of domestic factories.
- B. Promote imbalance between import-export trades.
- C. Alienates domestic producers from an international trade.
- D. Allows domestic factories to produce poor quality goods.

#Explanation.

- Advantages of using locally produced goods are:
 - Buying more locally produced goods is more profitable for local industry and therefore good for development.
 - If we do not support our manufacturers it may lead to local industries going out of business.

- At present, many foreign companies are profiting because we do not buy the goods made in our own country.
- The locally produced items are often cheaper and of just as good quality. We all need to appreciate locally produced goods — buy and use them regularly.

#Answer “A”

15. Which of the following factors must be taken in to account before planning saving?

- A. Assessment of viable investment opportunities.
- B. The availability of goods one needs to consume in the market.
- C. The availability of modern saving institutions.
- D. Level of income and limiting interests accordingly.

#Explanation.

There are number of things that are important to consider before planning your consumption and saving.

First and foremost is your level of income. When you start work in the future you should estimate how much income you will have. This is the most important component of your planning since this amount decides how much you can actually save or consume.

The next important thing to consider before planning saving is that consumption has to be made on the basis of need. It is important to change our attitude towards consumption. We shouldn't consume just because we have the money or spend impulsively as we need to identify those things that are necessities. Having properly identified those necessities, it will be easier to estimate how much money is required to fulfill those needs after which the rest of the money can be saved.

#Answer “D”

16. An international economic principle that states, countries should produce items that require lower cost of production and should not produce items that cost them more, instead they should import from other countries;

- A. Global welfare. C. Sustainable development.
B. Comparative advantage. D. Distributive justice.

#Explanation.

The comparative Advantage principle. This principle is taken from the market economy principle that countries should produce those products which bear a minimum cost and should not produce those products that cost more. Instead they should import those products from other countries. This means that those countries that produce agricultural products at less cost should continue to produce mainly agricultural products and use profits from exports to import industrial products.

#Answer “B”

17. Identify the one that is not the economic principles of the free market economy?

- A. Freedom of decision to economic agents.
B. It promote the principle of” for those who can afford to buy”.
C. Higher government involvement in the market.
D. Letting market forces determine the extent of transaction and price.

#Explanation.

The economic principles of the free market economy are:

- freedom of decision to economic agents like producers and consumers;

- lower government involvement in the market; and
- Letting market forces determine the extent of transactions and prices.
- Profit is the only motive for the functioning of the system.
- Market forces like demand, supply and price are the signals to direct the system.

#Answer “C”

18. Which of the following is true about command economy?

- A. Government play an important role in controlling market transactions.
- B. Market forces play the major role in determining market price.
- C. Producers & consumers have freedom of economic decision making.
- D. Economic principles uphold free trade and the removal of trade barriers.

#Explanation.

The socialist economic principles are: -

Promote government involvement in the economy.

Collective welfare will be the prime motive unlike capitalism.

All properties of the country will be owned by the state.

It is a planned economy or command economy.

Economic policy decisions will be taken by a centralized planning authority.

#Answer “A”

19. Micro economics deals with;

- A. Average per-capita income.

- B. The behavior of consumers.
- C. Gross domestic product of a nation.
- D. Rate of inflation in a given country.

#Explanation.

Microeconomics studies the behavior of consumers and producers. It deals with the determination of prices and summarizes the interrelationship between these economic agents. Consumers make their purchasing decisions, taking into consideration their utility and their purchasing capacity. Producers, on the other hand, want to maximize their profits and choose a level of production that achieves this outcome.

Microeconomics also includes the analysis of the welfare of a particular group of people. Whenever the analysis comes down to individual agents or groups, then it is the concern of microeconomic research. If, for example, we want research whether a group of people are benefiting from a certain government decision, we conduct a microeconomic research.

#Answer “B”

20. Which of the following is not the concern of macroeconomics?

- A. Growth.
- C. Unemployment.
- B. Individual producers.
- D. Import & export.

#Explanation.

Macroeconomics is said to be a bird's eye view of the economy. It is the analysis of the national economy looking at the overall prices, growth, production and consumption, saving and investment, unemployment, exports and imports and the like.

The growth performance of a country is analyzed through macroeconomic studies. This is because growth could only be

analyzed through the summary of the total domestic production measured by the Gross Domestic Product (GDP).

The percentage increase of the gross domestic product is what is called growth. The other important issue is the level of saving and investment in the economy. As you know, it is only when there is enough saving that there can be investment which helps to create jobs and increase production.

The analysis of investment is also done through macroeconomics, as is the study of imports and exports.

#Answer “B”

21. All of the following is the current aim of World Bank **except**?

- A. Strengthen national and health system.
- B. Improving coordination and learning.
- C. Close the gap between available funding & the capacity to use it effectively.
- D. Helping domestic saving and investment opportunities.

#Explanation.

Current aim of World Bank is;

- Assist countries to develop sustainable response that are well integrated into national development agenda.
- Accelerate implementation and close the gap between available funding and the capacity to use it effectively.
- Strengthen national and health system.
- Improving coordination and learning.

#Answer “D”

22. Which one is true about the responsibility of local monetary organizations?

- A. They mobilize funds locally & work for the needs of the local Community.

- B. They affect the economy more than any other type of monetary organization.
- C. They cover all corners of the country.
- D. Give a much bigger financial services by providing substantial amounts of loans to the publics.

#Explanation.

Local monetary organizations, such as credit unions, are primarily concerned with the mobilization of capital in the local area and cater to the needs of the local communities and business. They give out loans to local consumers and businesses and are usually opened for profit.

Disadvantages of credit unions are:

- It caters to business rather than to individuals. Loans are often restricted to business loans.
- Funding for personal needs such as medicine or food is not available.
- It opened for profit, which means that they put their own needs before the needs of the community.

#Answer "A"

23. Which one of the following is correct about saving and investment?

- A. People who save more money can request investors to give the priority in employment.
- B. People who save money in banks do not need to engage in

another investment.

C. If you save enough money in bank, there is no need to struggle with doing business.

D. Banks can avail funds for investment by collecting money from those who save.

#Explanation.

Banks play a significant role in the accumulation of capital. This is because they are instruments through which funds are made available for investment. Banks make funds available by collecting from those people who save. The source of the funds that banks lend, mostly comes from depositors. The more money people and businesses deposit with banks, the more money they are able to lend for investment. The more people realize the importance of saving, the more money they will save in banks. When people save more money in banks then banks have more money to lend to investors. Not only that, people who save their income also can engage in investment activities themselves.

If you save enough money you may be able to invest in business opportunities. This would make you a business person. Investment is essential in the process of development. When people invest, usually their production increases and they need to hire more staff. Because of this more people will have jobs and more goods and services will be available.

This leads to a growth in income and development.

#Answer "D"

