**Midterm Exam for ECO/Pol 251: IPE**

Please copy this question sheet, answer them in electronic form, and send your answer to the following address: [ming.xia@csi.cuny.edu](mailto:ming.xia@csi.cuny.edu)

The deadline is: Sunday, 22 March, 6:00 pm. Make sure I have answered your submission!

Define Key Terms (choose five out of the list, in addition to your definition on the essential meaning of the term, please also comment on the context and the significance of the term in IPE, each term accounts for 8 points, in total 40 points for this section):

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| --- | --- | --- |
| Market failures | Foreign Direct Investment | Intangible Asset |
| Horizontal Integration | Vertical Integration | Specific Asset |
| Vertical integration | Calvo Doctrine | Locational incentives |
| Export processing zone | Trade-related Investment Measures | MNCs |

Short Answers (Choose any TWO of the following questions, roughly within one page length with double-space, 12/11 font size):

1. What are transnational corporations (TNCs, or multinational corporations, MNCs) and how are they different from other business firms? Use the current global coronavirus pandemic as an example to illustrate the vulnerability of production (value, supply) chains that MNCs have heavily relied upon.

2. Why have the MNCs become more important in international political economy during the past three decades? What kind of economic and political impacts do they have upon both home and host countries? How have reactions to them changed in the last half a century? Why an anti-globalization trend?

3. Do you think more international regulation is needed for the MNCs? Why? Or, why not? Use U.S. and American MNCs as an example to think about how Americans have been exposed to some dangers in addition to the global coronavirus due to the outsourcing at this moment.

4. What does “race to the bottom” mean in the context of MNCs’ investment behavior? Do you agree to the assessment under this thesis? For Americans, how has globalization and its “butterfly defect” (in opposite to the butterfly effect) benefited as well as disrupted our national motto: “Life, liberty, and the pursuit of happiness”?