16 INTRODUCTION TO GEOPOLITICS

1. A country whose actions reflect nationalism is least likely to behave in ways that exhibit:

   (A) bilateralism.

   (B) autarky.

   (C) hegemony.

2. A high-net-worth investor has a long-time horizon of approximately 25 years before he will shift his allocations more in favor of safer, low-risk investments. The likelihood of this investor reacting to an event categorized as a black swan risk by changing his allocations is:

   (A) high.

   (B) low.

   (C) moderate.

3. Settling trade disputes and establishing agreements between trading partners most accurately describe the activities of the:

   (A) International Monetary Fund.

   (B) World Bank.

   (C) World Trade Organization.

4. The most accurate description of the relative roles played by the International Monetary Fund, World Bank, and World Trade Organization is that the only one explicitly focused on:

   (A) expanding international trade is the World Trade Organization.

   (B) providing funding to member nations is the International Monetary Fund.

   (C) reducing poverty is the World Bank.

5. Promoting international monetary cooperation, promoting exchange stability, and assisting members experiencing balance of payments difficulties are the goals of the:

   (A) World Bank.

   (B) International Monetary Fund.

   (C) World Trade Organization.

6. A country that generally engages in bilateralism is best characterized as exhibiting:
   (A) cooperation and nationalism.
   (B) non-cooperation and globalization.
   (C) cooperation and globalization.

7. If the country of Smitha enacts sanctions against the political leaders of Jonesia, Smithia is said to be using:
   (A) a financial tool of geopolitics.
   (B) an economic tool of geopolitics.
   (C) a national security tool of geopolitics.

8. A country with little or no external trade is most likely one that practices:
   (A) multilateralism.
   (B) autarky.
   (C) hegemony.

9. The primary goals of the International Monetary Fund (IMF) include:
   (A) promoting exchange rate stability.
   (B) reducing global poverty.
   (C) resolving trade-related disputes among nations.

10. Exogenous geopolitical risk factors are best described as those that are:
    (A) known or anticipated long-term effects.
    (B) unanticipated.
    (C) known in terms of timing but not outcome.

11. Geopolitical risks are best described as having:
    (A) broad impacts on countries or regions, rather than discrete impacts on specific companies.
    (B) impacts that are not typically captured by scenario analysis.
    (C) greater impacts during recessionary phases of business cycles.

12. Black swan risk refers to exogenous geopolitical risks that have substantial:
    (A) short-term effects and a low probability of occurrence.
    (B) long-term effects and a low probability of occurrence.
    (C) long-term effects and a high probability of occurrence.

13. With respect to analysing geopolitical risk, velocity most likely refers to the speed with which:

    (A) geopolitical events occur.

    (B) mitigation strategies can be put into place.

    (C) investment values reflect the effects of a risk.

14. A country joins a free trade agreement with its surrounding countries. The country also enacts a law prohibiting its domestic manufacturers from exporting military technology. In terms of geopolitics, which of these actions is considered cooperative?

    (A) Only one of these actions.

    (B) Neither of these actions.

    (C) Both of these actions.

15. A geopolitical risk that will have the biggest impact in the environmental, social, and governance realm will most likely have a velocity classification that is:

    (A) medium.

    (B) low

    (C) high