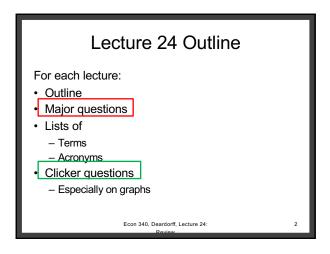
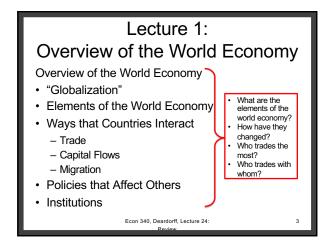
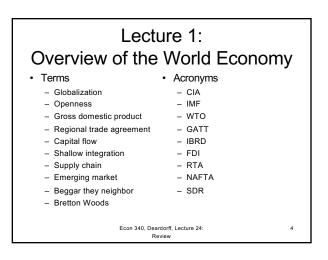
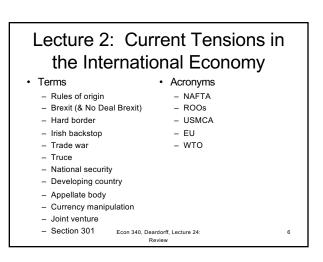
# Econ 340 Lecture 24 Review







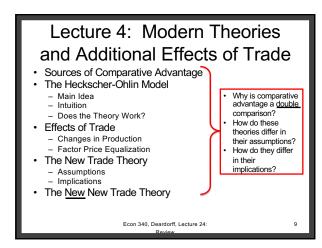


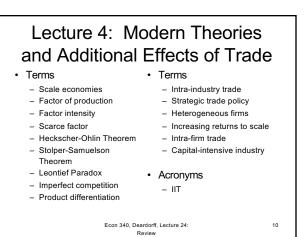


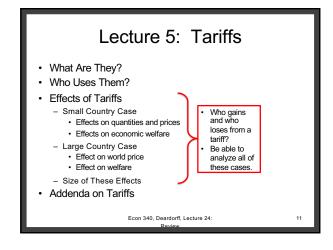
### Lecture 3: Comparative Advantage and the Gains from Trade · Why Countries Trade Price Differences Supply and Demand How do you define comparative - Determinants of Prices · Ricardian Model of Trade advantage? How does Ricardian Examples Wages and Prices in the Ricardian theory reassure a low-productivity Lessons from the Ricardian Model country? How does Ricardian · Generality of the Gains from Trade theory reassure a Identifying Comparative Advantage high-wage country? Critiques of Comparative Advantage Econ 340. Deardorff, Lecture 24

# Lecture 3: Comparative Advantage and the Gains from Trade • Terms - Absolute advantage - Comparative advantage - Opportunity cost - Consumer surplus - Producer surplus - Producer surplus - Productivity - Trade adjustment assistance - Autarky - Ricardian model - Protection - Mercantilism

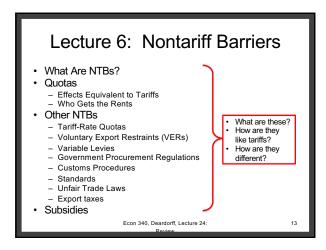
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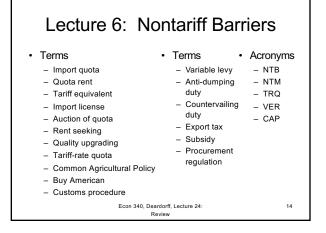


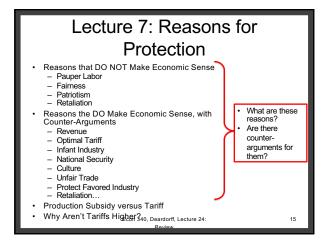


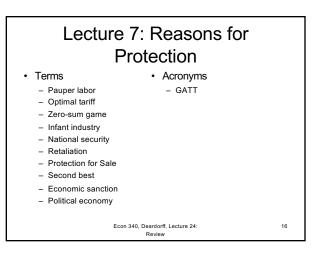


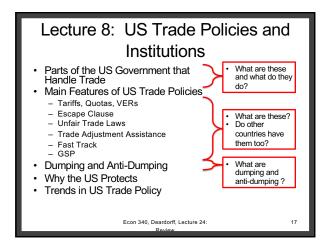
# Lecture 5: Tariffs · Acronyms Terms - DWL - Ad valorem - FRP - Specific tariff - Chicken tax - Dead-weight loss - Large country case - Optimal tariff - Terms of trade - Partial equilibrium - Homogeneous product - Effective protection Retaliation Econ 340, Deardorff, Lecture 24: 12

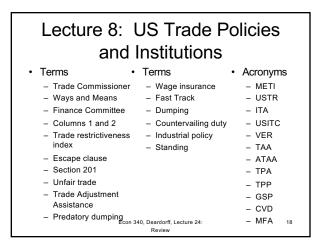


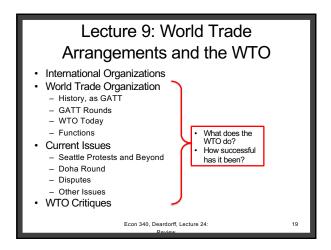


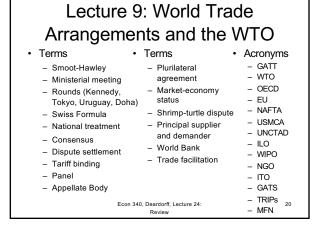


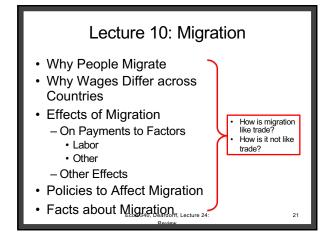


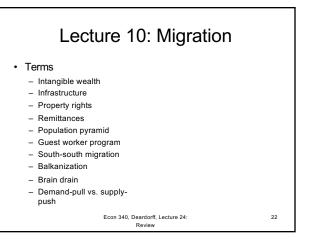




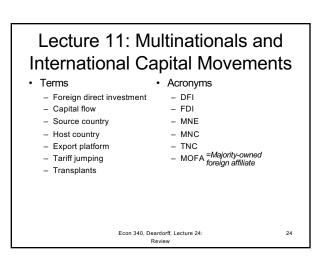




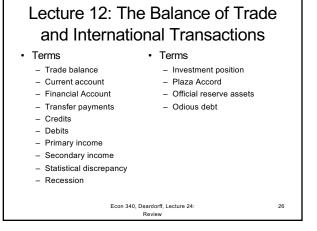


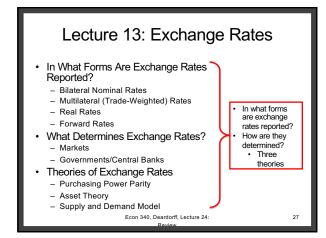


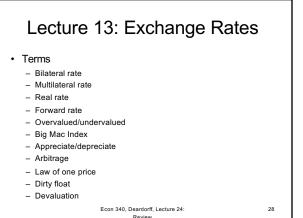
### Lecture 11: Multinationals and **International Capital Movements** Terminology - FDI, DFI, MNEs, MNCs How is FDI like trade? - Real Versus Financial Capital How is it not like History trade? Purposes Served by FDI How is FDI like - Local Market versus Export migration? How is it not like - Reasons for FDI migration? · Who Gains and Who Loses? Who are mostly - Effects that are Similar to Trade sources? Who are mostly - Effects that are Similar to Migration - Other Effects Econ 340, Deardorff, Lecture 24:

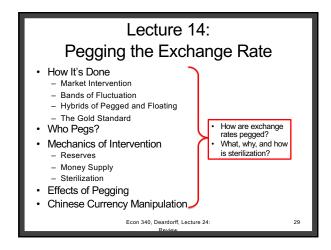


## Lecture 12: The Balance of Trade and International Transactions What Is the Balance of Trade? What the Balance of Trade Does Not Mean · International Transactions How do transactions - Current Account enter the - Financial Account accounts? What does a What the Balance of Trade Does deficit really Mean - From Balance of Payments Accounting From National Income Accounting Econ 340. Deardorff, Lecture 24



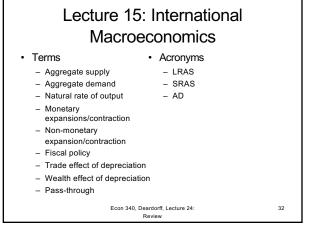


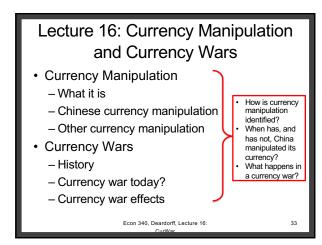


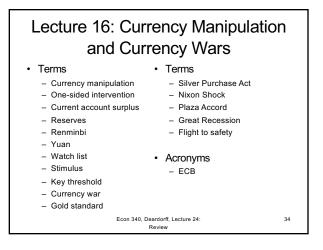


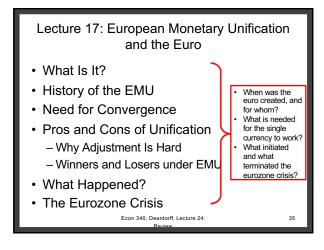
# Lecture 14: Pegging the Exchange Rate Terms - Pegging - Exchange-rate crisis - Intervention - Currency manipulation - Par value - Managed float - Leaning against the wind - Crawling peg - Gold standard International reserves - Sterilization - Overvalued/undervalued Econ 340, Deardorff, Lecture 24:

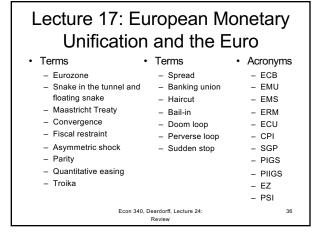
### Lecture 15: International **Macroeconomics** · Recall Macro from Econ 102 - Aggregate Supply and Demand How do macro - Policies exchange rate? · Effects ON the Exchange Market How do - Expansion exchange rate - Interest Rate changes affect macro Effects OF the Exchange Market economy? - Depreciation effects via Trade How do macro changes in one - Depreciation effects via Net Wealth country affect others? Effects THOUGH the Exchange Market Econ 340. Deardorff, Lecture 24











### Lecture 18: Preferential Trading Arrangements and the NAFTA What Are PTAs? Examples European Union (EU) North American Free Trade Agreement What and where are PTAs? (NAFTA) Effects of PTAs What is trade diversion, and Not the Same as Free Trade how does it hurt? Trade Creation What happened with NAFTA? Trade Diversion - Market Diagram Illustration How does NAFTA USMCA differ from NAFTA? - History Analysis - What Happened? NAFTA Renegotiation and USMCA

### Arrangements and the NAFTA Acronyms Terms Acronyms - PTA - NAFTA Free trade area - Customs union - ISDS - Common market - RTA - USMCA - Anti-dumping duty - GSP - BIT - Countervailing duty - GATT - Rules of origin - MFN - R00 Mercosur - Trade creation - EEC - Trade diversion - CAFTA - Chapters 11 and 19 - TPP - Sunset clause Econ 340. Deardorff, Lecture 24:

Lecture 18: Preferential Trading

### Lecture 19: International Policies for Economic Development: Trade · The Main Issues of Development What policies are recommended for · The Washington Consensus Special Problems of Developing developing **Countries** countries? Are these Pros and Cons of Tariffs Used by different than for **Developing Countries** developed - The Infant Industry Argument countries, and - Primary-Product Specialization How should - Growth and Exports / Import Substitution developed countries behave Pros and Cons of Subsidies Used by differently? **Developed Countries** Policy Recommendations Econ 340, Deardorff, Lecture 24:



### Lecture 20: International Policies for **Economic Development: Financial** The Issues Are floating exchange rates · Choice of Exchange Rate Regime worse for developina · Pros and Cons of Free Capital countries? Movements Why should, or should not, - Debt Problem of the 1980s developing countries restrict - The Asian Crisis of 1997 capital flows? - Capital Controls Are bailouts and debt forgiveness (How) Should Others Help? good for developina The World Financial Crisis and countries? Developing Countries From 340 Deardorff, Lecture 24:

Lecture 20: International Policies for Economic Development: Financial	
Terms     Bailout     Debt forgiveness     Exchange-rate anchor     Leverage     Currency risk     Liquid capital     Latin American debt problems     Petrodollars     Loan rescheduling     Lost decade	Terms     Acronyms     Asian Crisis     OPEC     Speculative attack     Capital controls     Ontagion     Moral hazard     Technical assistance     Economic populism
Econ 340	), Deardorff, Lecture 24: 42 Review

# Lecture 21: International Policies for Economic Development: Aid Why Should We Care? Who gives aid? Does aid help · Who Gives Aid? growth? · Does Aid Work? Does aid reduce poverty? How can aid be · Pros and Cons of Aid made more effective? · Policy Recommendations What are/were the MDGs and · Where We Stand in SDGs? Development Econ 340. Deardorff, Lecture 24

