

This review sheet is intended to cover everything that could be on the exam. However, it is possible that I may have inadvertently overlooked something. You are still responsible for everything in the chapters covered except anything that I explicitly say you are not responsible for. Therefore, if I left something off of this sheet, it can still be on the exam. There will be no multiple-choice questions. Most of the questions will be like the ones on the homework assignments, and possibly a few definition questions. I am more likely to ask questions that make you use definitions rather than have you recite them. I will probably ask one of the questions from the book at the end of the chapters.

The review session for this class will be Monday, 04/24, at 7:00, in the normal room, I hope.

In general, for the chapters on different countries, I will be asking about how different countries fit or fail to fit the model that is applied to them. I will also ask about how those deviations help and/or hurt the functioning of the economy. I will not ask about specific numbers like the percentage of government revenue derived from the income tax. For the theory chapters, I will ask about the theories underpinning the models, how the model works, and what the problems are with the models.

Chapter 10: What are the problems that developing countries face? These include corruption, political instability, capital flows, population, urbanization, infrastructure (especially education, electricity, and roads), low savings rate, limited exports, and foreign debt. What can be done about them? Why do economists look at measures other than GDP per capita to measure development? What are some of the items included in those measures? What is dependencia theory?

Chapter 11: How has China differed from other communist countries? What are they doing well that enables them to out-survive other communist countries? What are some of their problems? How are industries and firms run differently in China than in communist and capitalist countries? There are five types of firms listed on pages 261 - 262. How are they run?

Chapter 12: How has Brazil's history of colonial rule affected its development? What is its government like? How has that affected Brazil's development? How have their cultural differences and illiteracy rates affected India's development? What reforms has India undertaken in the past decade? What have the effects been? In what ways is Sri Lanka similar to Brazil and in what ways is it different? How do those differences matter?

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This is the non-graded assignment #6A that will be covered with assignment #9.

- 1) (20 points) What has enabled China to survive as communist longer than the other communist countries? Do you think it will be able to stay communist for another 100 years? Explain your logic.
- 2) (20 points) The article on the back of this page discusses the USA's complaints about China. Explain why an undervalued currency could help a country's exports. Why would the Bush Administration's actions hurt the US\$?
- 3) (20 points) India has had many problems in recent years. What problem has it done the best job addressing? What did they do? Explain why that was effective.
- 4) (20 points) Given the history of Britain in Sri Lanka, and Portugal in Brazil, do you think that the colonialism helped or hurt the world? Explain your logic.
- 5) (20 points) Developing countries vary greatly. Explain some ways in which developing countries are very

different.

The following article comes from the BBC and can be found at <http://news.bbc.co.uk/1/hi/business/3282549.stm>

Last Updated: Wednesday, 19 November, 2003, 06:02 GMT

## **China hits out at US textile cap**

### **China's textile sector is booming**

A US move to limit imports of Chinese textiles has sparked protest from Beijing and could incur retaliation.

The Chinese government said it "firmly opposes" the decision, warning it was planning an appeal to the World Trade Organisation (WTO) over the issue.

Reports said Chinese officials had cancelled a trip to the US to meet soybean sellers in retaliation.

The news came as the International Monetary Fund said China's currency was not undervalued, countering US claims.

There was "no clear evidence" of substantial undervaluation - and in any case loosening the currency peg would make little difference to trade imbalances, the IMF said in its annual review of China's economy.

Several members of the Bush administration have hinted that the Chinese yuan is being kept artificially low to boost Chinese exports.

Lawmakers and businessmen have been more forthright, blaming China - and its \$100bn-plus trade surplus with the US - for job losses, not least a claimed 300,000 in textiles in the past two years.

### **Trade rows**

These concerns are, in part, at the root of the US government's decision to limit Chinese export growth to 7.5% a year, capping in particular imports of dressing gowns and robes, knit fabrics and bras.

Shipments of Chinese clothing products have increased sharply over the past 14 months, and US officials say that Chinese government subsidies are to blame.

The timing of the move is unfortunate, however, coming just as the US tries to seal a free trade deal with 33 fellow American countries in Miami.

It is also facing sanctions from the European Union unless it lifts steel tariffs introduced three years ago, which the World Trade Organisation has ruled illegal.

The textile ban had an immediate effect on the value of the US dollar, pushing the euro to an all-time high of \$1.19 in Asia as the yen strengthened to 108 to the dollar on fears that renewed protectionism could hurt the US recovery.