

This review sheet is intended to cover everything that could be on the exam; however, it is possible that I will have accidentally left something off. 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 in the homework assignments, and possibly a few definition questions, but I am more likely to ask questions that make you use the definitions rather than recite them. I will probably ask one of the questions from the book at the end of the chapters.

The review session will be at a time to be determined in class, probably Thursday 4/26.

Chapter 10: What are **free trade areas (FTA)**, **customs unions (CU)**, **common markets**, and **economic unions**? Why are the differences important? Be able to show **trade creation** and **trade diversion** on the supply and demand for an import. Understand why each of the nine items in the list of properties which increase the probability of gains in welfare are likely to increase welfare of the country. Understand the benefits of FTA and/or CU. They include **more bargaining power**, **less resistance to free trade** (my belief), **more competition**, **greater economies of scale**, and **tariff factories**. Know what the following are: **EU**, **NAFTA**, and **Mercosur**. Ignore all other FTA, CU, etc.

For Chapters 13 - 15, you can find old test questions by looking at Test #1 from ECON 365.

Chapter 13: Know what **debits** and **credits** are. Be able to do the **double entry bookkeeping for exports of goods, imports of goods, exports of services, imports of services, sales of assets abroad, purchases of foreign assets, and unilateral transfers**. If I gave you a table like **Table 13.1**, be able to calculate the items in the **memoranda**. Know why the **current and capital accounts** should add to zero. What is the **international investment position**? Why does it matter?

There are no additional review questions because Homework #8 covers Chapter 13 and there is no time to cover the questions.