SUNY Broome - Macroeconomics

Exam #5 – Review Sheet

CH. 18-20

Chapter 18 – International Trade and Finance

* Consumption Possibilities – productions possibilities



* specialization and trade
* comparative v. absolute advantage





* trade barriers – quota, tariff, and embargo
* infant industries
* favorable balance of trade
* exchange rates and depreciation

Chapter 19 – Economies in Transition

* 3 basic economic questions – WHAT, HOW, FOR WHOM to PRODUCE?
* Traditional, command, market, and mixed economies
* Adam Smith – capitalism, laissez faire, “invisible hand” theory
* Karl Marx – socialism, communism

Chapter 20 – Growth and Less Developed Countries

* per capita GDP
* LDC’s and IAC’s – factors of each
* What is infrastructure?
* What is economic growth?
* vicious Cycle of Poverty

