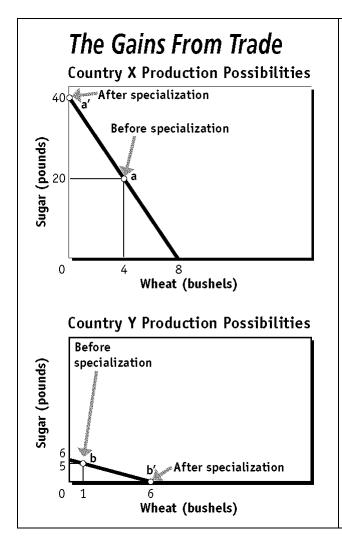
## **Chapter 16 Review**

	Country X	Country Y
Grapefruit	24/tons	15/tons
Olives	40/tons	30/tons

Explain your answer and show/compare both mathematic relationships

- 1. Which country has the comparative advantage in producing grapefruit?
- 2. Which country has the comparative advantage in producing olives?
- 3. Which country has the absolute advantage in producing olives?
- 4. Which country has the absolute advantage in producing grapefruit?



## Based upon the graphs:

- 1. What is the total wheat production before specialization?
- 2. What is the total wheat production after specialization?
- 3. Did wheat production increase or decrease after specialization? By how much?
- 4. Based upon your answer to #3, what can you conclude about specialization?
- 5. Which country has an absolute advantage in wheat production? By how much?
- Which country has a comparative advantage in wheat production? Show work.

## **Chapter 16 Review**

- Smoot –Hawley Tariff Act (3 facts)
- Weak dollar (3 facts)-causes/imports/exports
- Strong Dollar (3 facts) causes/imports/exports
- absolute advantage (examples)
- comparative advantage (examples)
- Reasons for trade
- Reasons for trade restrictions

## **Definitions & Applications**

absolute advantage balance of payments comparative advantage exports foreign exchange free traders imports infant industries North American Free Trade Agreement \* outsourcing protectionists protective tariff reciprocal trade agreements revenue tariff trade deficit trade surplus World Trade Organization (WTO)\*