1. How important is trade between countries in goods and services for countries like the United States, Canada, Mexico, and the European Union?

2. Is trade between countries important for developing countries like Egypt and South Africa?

3. How volatile are markets and trading patterns for internationally traded commodities like wheat?

4. Has international trade become more important for the economies of most countries since the 1960s (do we really live in new global economy)?

5. Who are the major trading partners of the United States? Why do you think those countries are the major trading partners of the United States?

6. Under what conditions does voluntary trade between any two parties occur?

7. What are the four major issues on which this course will focus?

8. Define the following concepts: consumer surplus, producer surplus, tax revenues, government outlays/spending, and economic surplus.

9. What is autarky?

10. Consider the following information about the domestic markets for cloth in countries A and B

    COUNTRY A: \( Q^A_D = 400 - 2P^A; \quad Q^A_S = -200 + 2P^A \)
    
    COUNTRY B: \( Q^B_D = 300 - 2P^B; \quad Q^B_S = -200 + 3P^B \)

    (a) Find the no-trade (autarky) equilibrium prices and quantities in each country.
    (b) Calculate the excess supply and demand curves for each country (which country will export the good if trade occurs and which country will import it?).
    (c) Find the trade equilibrium price and traded quantity between the two countries using the excess supply and demand curves.
    (d) Find the domestic quantities supplied and demanded in each country after trade takes place.
    (e) Find consumer and producer surplus changes in each country as a result of trade.
    (f) Are there net gains from trade in each country (and if so how large are they?)
    (g) Are there winners and losers in both countries as a result of allowing trade in cloth?
    (h) What does your analysis tell you about the politics that surrounds international trade issues?