

## Things to Know for Exam 2 ECON 136

### Trade Theory

Gains from trade

Comparative Advantage

Absolute Advantage

Specialization

### Trade Models (compare and contrast)

Ricardian

H-O

The Standard Model

The New International Economics (circa 1985)

### Efficiency implications of pursuing comparative advantage

How efficiency implications of pursuing comparative advantage are affected by considerations of scale economies and market imperfections

### Terms of trade

### New International Economics

Scale economies

Definition

Examples

Implications for International Trade and the location (geography) of industry concentration

*Inter*-industry trade vs. *intra*-industry trade

Explain the difference

What effect does definition of "industry" have on the measure of relative amount of inter- vs. intra- industry trade?

Identify factors that promote more intra-industry trade

### Market structures

Perfect competition

Oligopoly

Monopolistic competition

Monopoly