

Topic 2. Theories of international trade.

Match the Terms and Definitions

In the space after each of the 22 terms, note the matching definition from among A through V:

1. Automatic brain processes _____
2. Cabotage _____
3. Carbon tax _____
4. Cocagne _____
5. Convention on International Civil Aviation _____
6. Deliberative brain process _____
7. Emotional brain processes _____
8. Enclosure _____
9. Fixed-factors model _____
10. Gravity model of trade _____
11. Greenhouse gas (GHG) _____
12. Happiness studies _____
13. Happiness surveys _____
14. Homeostasis _____
15. Just-in-time supply systems _____
16. Maghribi traders _____
17. Neuroscience _____
18. Shrinkage _____
19. Silk Road _____
20. Static model _____
21. Territoriality _____
22. Transactions costs _____

Definitions:

- A. The mythical, utopian place that existed in the minds of medieval European writers and artists.
- B. The brain processes are capable of abstract thought as well as logical reasoning.
- C. The chemical gases that contribute to the atmosphere's ability absorb the heat of the sun.
- D. A wide variety of statistical and analytical studies of the state of human happiness or satisfaction with life using data from surveys that directly ask people to express their opinion on their perceived well-being. See also happiness surveys.
- E. The characteristics of a living organism that automatically or instinctively regulates its internal environment so as to survive within variable external environments.
- F. The breaking up of communal lands into separate private land holdings in Britain during the seventeenth and eighteenth centuries, which effectively drove

those without the means to secure ownership of enclosed land out of rural areas and into cities and towns to seek work in England's new industries.

G. A network of Jewish traders that connected the commercial cities around the Mediterranean Sea for several centuries after the fall of the Roman Empire.

H. The losses to international trade due to damage and theft of goods while in transit.

I. the explicit costs, the time, and the preparation necessary in order to carry out the exchange of goods and services. Transactions costs include business activities such as marketing.

J. A 1944 agreement that, among other things, established that fuel for international air travel and transport of goods, including food, is exempt from national taxes.

K. The brain processes that occur in a part of the human brain that is of relatively recent evolution, often described as instinctive processes.

L. Also known as transshipment costs, which are incurred when goods have to be transferred from one mode of transportation to another for them to reach their destination.

M. The land trade route through central Asia linking China and the Middle East and Europe at the time of the Roman Empire, over which innovative Chinese products were brought to the Mediterranean region.

N. Opinion surveys that ask people how happy or satisfied they are with their lives.

O. A modified version of the Heckscher-Ohlin model of international trade in which not all resources can be shifted between industries in response to changes in relative product prices.

P. The fundamental emotional attachment to their possessions and geographic territory that people, and many other living species, exhibit, which implies that people fight harder to hold on to what they have than to acquire something new.

Q. A tax levied on a product or directly on a producer in order to internalize the external costs of climate change caused by the emission of greenhouse gasses like carbon dioxide into the atmosphere.

R. An economic model that describes how key variables will eventually change as a result of a one-time change in policy or economic circumstances, all other things equal (*ceteris paribus*).

S. A model is based on the equation for gravity from physics, and it thus hypothesizes that the volume of trade between a pair of countries is a negative function of the distance between the countries and a positive function of the "mass," or size, of the two economies.

T. The processes of the human brain that occur with little or no awareness or feeling of effort, and which do not follow orthodox assumptions about economic behavior.

U. The study of the functions of the brain by scanning neurological functions.

V. The inventory and supply system developed by Japanese manufacturers to reduce manufacturing costs.