

International trade: problem set 9

University College Dublin

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1. Discuss how trade can reduce income inequality between countries but potentially increase it within countries.
2. One negative side effect of international trade is dumping. Explain why dumping can be a problem?
3. Explain why international trade is related to international issues concerning labour standards and environmental degradation.
4. One way to address these issues is for consumers to stop purchasing goods from countries that pollute or have very low labour standards. Would this help solve these issue?
5. Between countries there are large differences in labour standards. Sometimes this leads to serious incidents such as the collapse of the Rana Plaza in 2013. Discuss whether enforcing labour standards through trade agreements could help solve the worst problems.
6. International trade creates pollution through emissions as a result of transport of goods across the globe. In order to reduce this type of pollution the Irish government decides to limit the imports of coffee and tea and instead produce it locally. Explain whether this is a good idea or not?
7. Consider Sweden, a large paper exporter, which is able to produce a lot of paper due to its abundance of forests, using the trees as input. Germany also produces paper and is a large paper consumer. Unlike Sweden, Germany does not have an abundance of forests, anymore. Due to environmental concerns the German government decides that all paper sold in Germany should contain at least 30% recycled paper. Discuss the economic implications of this policy, specifically in the context of paper trade between Germany and Sweden.