adaac aaeaa cabbe bcead dabae add

29. Let us assume that the terms of trade (or technically the net commodity terms of trade) improve, thus the relative price of a country's exports increase. This would, logically, lead to a shift away by world consumers to substitute goods. If the demand for a country's exports is elastic, the quantity decrease would be proportionally larger than the per unit price increase. This term of trade effect would actually lower the country's real income and economic welfare.

30. The *optimum tariff* is theoretically a first-best trade policy.

31. It is argued that Japan's subsidies to its nascent microchip industry was an important factor in putting Japan on the world map in this area. However, a minimal criteria for a successful *industrial policy* would be that the infant industry mature, and that it prove to be a profitable area of the country's comparative advantage. In this case, one might argue that the latter part of the above statement was not fulfilled, since the microchip industry was adopted by so many countries, that it became a "commodity." That is, it became a product with a very low profit margin, which was not really a good use of Japan's resources, given their alternative uses.