## Key Terms

anti-dumping laws

laws that block imports sold below the cost of production and impose tariffs that would increase the price of these imports to reflect their cost of production

common market

economic agreement between countries to allow free trade in goods, services, labor, and financial capital between members while having a common external trade policy

disruptive market change

innovative new product or production technology which disrupts the status quo in a market, leading the innovators to earn more income and profits and the other firms to lose income and profits, unless they can come up with their own innovations

dumping

selling internationally traded goods below their cost of production

economic union

economic agreement between countries to allow free trade between members, a common external trade policy, and coordinated monetary and fiscal policies

free trade agreement

economic agreement between countries to allow free trade between members

General Agreement on Tariffs and Trade (GATT)

forum in which nations could come together to negotiate reductions in tariffs and other barriers to trade; the precursor to the World Trade Organization

import quotas

numerical limits on the quantity of products that a country can import

national interest argument

the argument that there are compelling national interests against depending on key imports from other nations

nontariff barriers

ways a nation can draw up rules, regulations, inspections, and paperwork to make it more costly or difficult to import products

protectionism

government policies to reduce or block imports

race to the bottom

when production locates in countries with the lowest environmental (or other) standards, putting pressure on all countries to reduce their environmental standards

World Trade Organization (WTO)

organization that seeks to negotiate reductions in barriers to trade and to adjudicate complaints about violations of international trade policy; successor to the General Agreement on Tariffs and Trade (GATT)