## Review Questions

20.

Who does protectionism protect? From what does it protect them?

21.

Name and define three policy tools for enacting protectionism.

22.

How does protectionism affect the price of the protected good in the domestic market?

23.

Does international trade, taken as a whole, increase the total number of jobs, decrease the total number of jobs, or leave the total number of jobs about the same?

24.

Is international trade likely to have roughly the same effect on the number of jobs in each individual industry?

25.

How is international trade, taken as a whole, likely to affect the average level of wages?

26.

Is international trade likely to have about the same effect on everyone’s wages?

27.

What are main reasons for protecting “infant industries”? Why is it difficult to stop protecting them?

28.

What is dumping? Why does prohibiting it often work better in theory than in practice?

29.

What is the “race to the bottom” scenario?

30.

Do the rules of international trade require that all nations impose the same consumer safety standards?

31.

What is the national interest argument for protectionism with regard to certain products?

32.

Name several of the international treaties where countries negotiate with each other over trade policy.

33.

What is the general trend of trade barriers over recent decades: higher, lower, or about the same?

34.

If opening up to free trade would benefit a nation, then why do nations not just eliminate their trade barriers, and not bother with international trade negotiations?

35.

Who gains and who loses from trade?

36.

Why is trade a good thing if some people lose?

37.

What are some ways that governments can help people who lose from trade?