## Self-Check Questions

[1](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-20#fs-idm84908672-solution).

Explain how a tariff reduction causes an increase in the equilibrium quantity of imports and a decrease in the equilibrium price. *Hint:* Consider the [Work It Out](http://openstax.org/books/principles-microeconomics-3e/pages/20-1-protectionism-an-indirect-subsidy-from-consumers-to-producers#fs-idm78672016) "Effects of Trade Barriers."

[2](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-20#fs-idp4521984-solution).

Explain how a subsidy on agricultural goods like sugar adversely affects the income of foreign producers of imported sugar.

[3](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-20#fs-idm98979792-solution).

Explain how trade barriers save jobs in protected industries, but only by costing jobs in other industries.

[4](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-20#fs-idm28666880-solution).

Explain how trade barriers raise wages in protected industries by reducing average wages economy-wide.

[5](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-20#fs-idp7397200-solution).

How does international trade affect working conditions of low-income countries?

[6](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-20#fs-idm109502416-solution).

Do the jobs for workers in low-income countries that involve making products for export to high-income countries typically pay these workers more or less than their next-best alternative?

[7](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-20#fs-idp33287152-solution).

How do trade barriers affect the average income level in an economy?

[8](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-20#fs-idm66227568-solution).

How does the cost of “saving” jobs in protected industries compare to the workers’ wages and salaries?

[9](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-20#fs-idp111414224-solution).

Explain how predatory pricing could be a motivation for dumping.

[10](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-20#fs-idp22929616-solution).

Why do low-income countries like Brazil, Egypt, or Vietnam have lower environmental standards than high-income countries like the Germany, Japan, or the United States?

[11](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-20#fs-idp41927136-solution).

Explain the logic behind the “race to the bottom” argument and the likely reason it has not occurred.

[12](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-20#fs-idm25520848-solution).

What are the conditions under which a country may use the unsafe products argument to block imports?

[13](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-20#fs-idm9931232-solution).

Why is the national security argument not convincing?

[14](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-20#fs-idm106000144-solution).

Assume a perfectly competitive market and the exporting country is small. Using a demand and supply diagram, show the impact of increasing standards on a low-income exporter of toys. Show the tariff's impact. Is the effect on toy prices the same or different? Why is a standards policy preferred to tariffs?

[15](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-20#fs-idm85088304-solution).

What is the difference between a free trade association, a common market, and an economic union?

[16](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-20#fs-idm70234560-solution).

Why would countries promote protectionist laws, while also negotiate for freer trade internationally?

[17](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-20#fs-idm125679440-solution).

What might account for the dramatic increase in international trade over the past 50 years?

[18](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-20#fs-idm150665440-solution).

How does competition, whether domestic or foreign, harm businesses?

[19](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-20#fs-idm132633744-solution).

What are the gains from competition?