

Learning Objectives

Chapter 9

In this chapter you will

Consider what determines whether a country imports or exports a good
Examine who wins and who loses from international trade
Learn that the gains to winners from international trade exceed the losses to losers
Analyse the welfare effects of tariffs and import quotas
Examine the arguments people use to advocate trade restrictions

You should be able to

Determine whether a country imports or exports a good if the world price is greater than the before-trade domestic price
Show that the consumer wins and the producer loses when a country imports a good
Use consumer and producer surplus to show that the gains of the consumer exceed the losses of the producer when a country imports a good
Show the deadweight loss associated with a tariff or a quota
Present an argument against the imposition of trade restrictions