

Chapter 5- Revision Question

1. What do the key terms in international trade mean?
2. What is the central idea of mercantilism?
3. How do absolute advantages explain why companies from different countries trade?
4. How do comparative advantages explain why companies from different countries trade?
5. How can the product life cycle explain the patterns of international trade?
6. Why can government intervention in certain industries, at least theoretically, improve a country's trade position?
7. According to Michael Porter, what factors contribute to a country's competitiveness?
8. What are the strengths and weaknesses of the main theories of international trade?
9. How do tariffs affect international trade?
10. How do different types of non-tariffs affect international trade?
11. Why do governments use non-tariff barriers rather than tariffs?
12. What are key economic arguments against free trade?
13. What are key political arguments against free trade?
14. Is a large trade deficit a problem for a country, and if so why?
15. Are classic trade theories still suitable in view of recent changes in the global economy?