

Essay and Discussion Questions

## Trade Higher Education Questions

Help students understand international trade through these essay and discussion questions.

### Question 1

Classical economists such as Adam Smith argued that specialization and free trade were more successful than mercantilism in achieving economic prosperity. Evaluate classical economists' arguments against mercantilism. Do you agree with these arguments, why or why not?

- How does specialization contribute to a country's comparative advantage?
- What are the advantages and disadvantages to specialization in a constantly evolving global economy?

### Question 2

What would be the advantages and disadvantages to a U.S. company in moving the manufacturing of a product, such as sneakers, into the United States? Do you think increasing domestic manufacturing should be a goal for the United States? Why or why not?

- What are the benefits and costs to importing products as opposed to manufacturing products domestically?

### Question 3

To what extent do the following trade barriers protect or harm producers, consumers, and governments: tariffs, quotas, subsidies, currency manipulation, dumping, export controls, and sanctions? Which trade barriers are most effective in promoting economic prosperity? In your opinion, are protective tariffs worth the economic and foreign policy consequences? Why or why not?

- What are the advantages and disadvantages of setting up trade barriers?
- How do trade barriers impact the trade of intellectual property?
- How do protective tariffs impact trade relationships?

### Question 4

Has the World Trade Organization (WTO) been successful in promoting and protecting global free trade? In your opinion, what are the advantages and disadvantages of the WTO? Refer in particular to the case of China in your answer.

- How did the foundation of the WTO impact international trade in the past and how does the current state of international trade compare to the organization's nascence?

### Question 5

Are regional and mega-regional trade agreements supporting the work of the WTO or, by sectioning the world into trade blocs and creating their own procedures for solving disputes, are they undermining it? Why or why not? In your opinion, how can the WTO effectively address these issues?

- What are the advantages of regional trade agreements compared to the WTO?

## Question 6

How has joining the WTO been a success or liability for China, for the United States, and for the world? Include in your response an analysis of China's role in global trade in conjunction with its failure to adhere to WTO principles. Should the WTO double down on its regulations in order to push China to conform to its principles? If so, how?

- What are the five basic principles of WTO agreements?

## Question 7

What does the size of the U.S. trade deficit or surplus tell us? What does it not tell us? Is it a useful measurement? Why or why not?

- What is the impact of a trade deficit on a country's economy?
- What is a bilateral trade deficit?
- In what circumstance(s) do trade deficits become a problem?

## Question 8

Discuss the trade war between the United States and China and its impact on the U.S. economy. What are the most critical consequences of this trade relationship (consider dynamics such as unemployment, government debt, consumer prices)? In your opinion, how should the United States mitigate such consequences?

- What are the main goals of U.S. trade policy?
- What are the main goals of China's trade policy?