Name:

Date:

School:

Facilitator:

7.03 Trade Barriers and International Organizations

Total Points: 54

# Part 1: Trade Barriers

Use “Barriers To Trade” from *The Library of Economics and Liberty* (linked on the Task page) to complete this section.

1. Identify three barriers to trade.
2. Define free trade.

1. Define protectionism.

1. What would say to someone who believes the popular myth that trade barriers are good for the economy?

1. How are consumers affected by this trade war?

1. Fill in the blank: The fundamental principle is that people trade because trade      both parties. Apart from location, international trade is economically the same as domestic (within-country)      .
2. What would you say to someone who believes that if we keep running a trade deficit, we will run down our economy and eat into our savings by continuing to buy more than we sell?

1. In 1930, President Herbert Hoover signed the Smoot-Hawley tariff, raising tariffs on dutiable items by 52 percent. Did this trade policy lead to the Great Depression?

1. Explain what the father of economics, Adam Smith, meant in the following excerpt from [“Of Restraints upon the Importation from Foreign Countries of such Goods as can be Produced at Home”](https://www.econlib.org/library/Smith/smWN.html?chapter_num=27#book-reader), by Adam Smith. Book IV, Chapter 2 in the *Wealth of Nations*:

*“It is the maxim of every prudent master of a family never to attempt to make at home what it will cost him more to make than to buy. The taylor does not attempt to make his own shoes, but buys them of the shoemaker. The shoemaker does not attempt to make his own clothes, but employs a taylor. The farmer attempts to make neither the one nor the other, but employs those different artificers. All of them find it for their interest to employ their whole industry in a way in which they have some advantage over their neighbours, and to purchase with a part of its produce, or what is the same thing, with the price of a part of it, whatever else they have occasion for…. [par. IV.2.11]”*

# Part 2: International Organizations

## International Monetary Fund (IMF)

Open the International Monetary Fund (IMF) site linked on the Task page. Use it to answer the following questions.

1. How many countries are members of the IMF?
2. What is the mission of the IMF?
3. What is the IMF’s primary purpose?
4. Go to the News tab and preview the headlines. Identify three countries that are currently dealing with the IMF.

## World Trade Organization (WTO)

Open The World Trade Organization site linked on the Task page, and use it to answer these questions.

1. On their ‘About WTO’, how do they define the following:
   1. Who we are?
   2. What we do?
   3. What we stand for?
2. What is the primary purpose of the WTO?
3. How many members comprise the WTO and when was it established?

## Bureau of Economic Analysis (BEA)

Go to the Bureau of Economic Analysis (BEA) site linked on the Task page. Navigate to the News tab and select ‘News Releases’. Use the latest **US International Trade in Goods and Services** report to complete the following.

1. What are the export/import totals?
2. Is the US running a surpluses or deficit? If so, how much?