

Summary

4.2 Types of trade protection

Subject	Year	Start date	Duration
Economics	IB2	Week 4, November	2 weeks 4 hours

Course Part

4. The global economy

Description

4.2 Types of trade protection, you should be able to:

- Explain the effects of imposing a tariff on imported goods on different stakeholders.
- Describe the effect of a tariff on price, production, consumption, expenditures, revenues and welfare using a diagram.
- Explain the effects of setting a quota on different stakeholders.
- Describe the effect of a quota on price, production, consumption, expenditures, revenues and welfare using a diagram.
- Explain the effects of giving a subsidy to domestic producers on different stakeholders.
- Describe the effect of a subsidy on price, production, consumption, expenditures, revenues and welfare using a diagram.
- Describe the administrative barriers that may be used as a means of protection, including standards and regulations.
- Define the following terms: free trade, trade war, protectionism, tariff, quota and subsidy.

Higher level only:

- Calculate the effects on stakeholders of tariffs, using a diagram.
- Calculate the effects on stakeholders of quotas, using a diagram.
- Calculate the effects on stakeholders of subsidies, using a diagram.

Inquiry & Purpose

Inquiry / Higher Order Questions

Type

Skills-based

Inquiry Questions

Free trade is advocated on the grounds that it leads to greater efficiency. Yet it results in both winners and losers. Do economists have a moral responsibility toward the losers when they advocate free trade?

Curriculum

Objectives

Application and analysis (AO2)

Analyse how economic information is used effectively in particular contexts

Use and application of appropriate skills (AO4)

Produce and use diagrams to help explain economic theory, concepts and real-world issues

Syllabus Content

Unit 4: The global economy

Real-world issue 1 - Who are the winners and losers of the integration of the world's economies?

4.2 Types of trade protection

Tariffs

Effects on markets and stakeholders

Diagram: showing the effect of a tariff on price, production, consumption, expenditures, revenues, welfare

Calculation (HL only): from a diagram, the effects on stakeholders of tariffs

Quota

Effects on markets and stakeholders

Diagram: showing the effect of a quota on price, production, consumption, expenditures, revenues, welfare

Calculation (HL only): from a diagram, the effects on stakeholders of quotas

Subsidy/export subsidy

Effects on markets and stakeholders

Diagram: showing the effect of a subsidy on price, production, consumption, expenditures, revenues, welfare

Calculation (HL only): from a diagram, the effects on stakeholders of subsidies

Administrative barriers

Standards and regulations

Concepts

The increased **interdependence** of economies has benefits and costs.

- Increased economic integration may result in **efficiency**, welfare gains and improvements in **economic well-being** but the benefits may not result in **equity**.

ATL Skills

Approaches to Learning

Thinking

- In this unit, we will
build on a specific prior task

IB DP IB Economics Group 3 (IB2)



Developing IB Learners

☆ Learner Profile



Thinkers



Balanced



Reflective