

## Summary

### 4.3 Arguments for and against trade control/protection

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

#### Course Part

#### Description

**4.3 Arguments for and against trade control/protection**, you should be able to:

- Define the following terms: free trade, protectionism, infant industry, economies of scale, dumping, intellectual property, balance of payments, misallocation of resources.
- Explain the arguments for trade protection, including:
  - Protection of infant (sunrise) industries
  - National security
  - Health and safety
  - Environmental standards
  - Anti-dumping
  - Unfair competition
  - Balance of payments correction
  - Protection of jobs
  - Economically least developed country (ELDC) diversification
- Explain the arguments against protection, including:
  - Misallocation of resources
  - Retaliation
  - Increased costs
  - Less choice
  - Lack of incentives for domestic firms to become more efficient
  - Reduced export competitiveness
- Evaluate the debate on free trade versus protectionism.

## Inquiry & Purpose

### ? Inquiry / Higher Order Questions

#### Type

#### Inquiry Questions

Skills-based

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

#### **Synthesis and evaluation (AO3)**

Use economic concepts and examples to construct and present an argument

#### **Use and application of appropriate skills (AO4)**

Produce well-structured written material, using appropriate economic theory, concepts and terminology

### 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?

##### 4.3 Arguments for and against trade control/protection

Arguments for trade protection/advantages of trade protection, including:

protection of infant (sunrise) industries

national security

health and safety

environmental standards

anti-dumping

unfair competition

balance of payments correction

government revenue

protection of jobs

Economically least developed country (ELDC) diversification

Arguments against trade protection/disadvantages of trade protection, including:

misallocation of resources

retaliation

increased costs

higher prices

less choice

domestic firms lack incentive to become more efficient

reduced export competitiveness

Free trade versus trade protection

### 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
  - require students to take an unfamiliar viewpoint into account when formulating arguments
  - include a reflection activity



#### Research

- In this unit, we will
  - require students to record their search for sources in steps (types of search engines, search terms, and so on)



### Developing IB Learners

#### Learner Profile



Inquirers



Open-minded