

ECON 136, International Economics
Homework #6
Due Nov. 2, 2016

1. Why is government procurement important in international trade?
2. Describe the relation between pollution levels and GDP per capita.
3. Name the four main instances of U.S. tariffs discussed in class. Write a sentence about each.
4. What is dumping in the context of international trade and why is it a supposed justification for retaliation?
5. What were the two main objectives of the Bretton Woods conference?
6. How is the WTO different from GATT?
7. Why does economist Jeffrey Sachs say “my concern is not there are too many sweatshops but that there are too few?”
8. What happens to each of these groups' welfare when international transportation costs are reduced? Think of imports of sugar into the U.S. from Jamaica as in class. Write “increase” or “decrease” after each of these:
 - a. U.S. producer surplus
 - b. U.S. consumer surplus
 - c. Jamaica producer surplus
 - d. Jamaica consumer surplus
 - e. Transportation revenue

Hint: Fig. 9.4 illustrates the effects of adding a transportation cost T . Now reduce T . Draw a line below P_1 on the U.S. side and above P_2 on the Jamaica side.
9. Name three reasons why economic sanctions often fail to work.
10. Summarize the argument against free trade that is characterized by the phrase “race to the bottom.” Summarize at least one counter-argument.