

# Lesson 3 - Benefits and Drawbacks of International Trade

- In this lesson, we will examine reasons that international trade has grown and analyze the benefits and drawbacks that have resulted from this growth.



# Reading – “What Is International Trade?”

- Read the handout together



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# Trends in International Trade Quiz!

1. Which of the following is not a factor that has increased international trade?

- a) availability of Internet, email and long distance calling plans
- b) increase and ease of international banking
- c) decrease in consumer demand for foreign goods
- d) governments working together to ease the movement of resources across borders

- Answer c is the correct answer!
- There has actually been an increase in the demand for foreign goods, not a decrease. Just look at where the clothes you are wearing have come from or the groceries in your fridge! A change in consumer tastes has resulted in a demand for a wide variety of international goods.

# Trends in International Trade Quiz!

## cont'd

2. The use of the Internet to track shipments or email to communicate with trading partners illustrates the rapid increase in \_\_\_\_\_ that international businesses now utilize.

- Technology is the correct answer!
- Imagine how tedious it would be to mail important documents across borders, or how expensive it would be constantly make long distance business phone calls throughout the day. Technology has provided international businesses with a cost efficient and rapid mode of communication, which facilitates trade.

# Trends in International Trade Quiz!

## cont'd

3. Is the following statement True or False? International trade only includes trade between private individuals or companies.

- False is the correct answer!
- Governments also rely heavily on goods and services from abroad and rely on different countries to meet their demands.

# Trends in International Trade Quiz!

## cont'd

4. A tariff applied to a bottle of French wine will make the price of the French wine slightly more expensive for Canadian consumers. This tariff is referred to as a trade \_\_\_\_\_ since it can deter international trade.

- The correct answer is barrier!
- Tariffs, quotas, and other laws can all act as barriers to trade.

# QUIZ 2! Benefits And Drawbacks of International Trade Quiz

1. The main drawback of tightening Canadian environmental regulations for businesses is that:

- a) businesses may choose to locate in countries where there are less strict policies
- b) the cost of the environmental regulations ultimately gets passed onto consumers
- c) there is no proof we need to be more strict in our regulations
- d) none of the above

- Answer a is the correct answer!
- Companies can 'shop' for the country that has the weakest environmental regulations. This means fewer restrictions for companies and lower costs. Obviously this has a dire consequence for our environment as a whole and is not seen as ethically sound.

# QUIZ 2! Benefits And Drawbacks of International Trade Quiz CONT'D

2. Approximately, one out of every \_\_\_\_\_ jobs in Canada relies on international trade.

- Three is the correct answer!



# QUIZ 2! Benefits And Drawbacks of International Trade Quiz

3. Is the following statement true or false? International trade allows Canadians to fulfill their diverse product and service demands.

- True is the correct answer!
- All you need to do is look in your fridge to see products that come from all over the world!

# QUIZ 2! Benefits And Drawbacks of International Trade Quiz

4. By trading with \_\_\_\_\_ nations, we are in fact supporting a government that may have corrupt policies or promote unfair treatment of some of their citizens.

- The correct answer is non-democratic!

# Assignments (Handout)

- ASSIGNMENT #1: DISCUSSION

- Do you feel that international trade has benefited you? How? Give examples. If you feel international trade has not benefited you, explain your view.

- ASSIGNMENT #2: GO BIG OR GO HOME

- See Handout – this assignment will be marked