

# International economics gerber study questions assignment



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As formal restrictions on imports have been reduced, domestic policies on issues such as the environment, labor, and fair market conditions have become the barriers to further increases in trade flows. Reducing trade barriers has been the focus of negotiations between nations. Eliminating the traditional barriers to trade, tariffs and quotas, is referred to as shallow integration because it just changes policies “ at the border. ” Eliminating domestic policy differences that create trade barriers is much more complicated and is referred to as deep integration.

International organizations created at the end of WI play a key role and are an entirely new element in the international economy. Agreements between nations are not new, but there has been a significant increase in the number of regional trade agreements signed, especially in the sass. The formation of hose regional trade agreements is controversial for different reasons for both trade opponents and trade proponents. The growth of world trade can potentially lead to a variety of consequences, but generally economists remain committed that the benefits outweigh the costs.

This position is supported by the casual empirical evidence of historical experience, evidence supported by models and deductive reasoning, and evidence from statistical comparisons of countries. Open economies grow faster and prosper sooner than more closed ones. . 30 What Students Should Know After Reading This Chapter Chapter 1 challenges the belief that the world has embarked on an entirely new and unprecedented era of globalization. Looked at from the long run, it seems clear that the period 1870 to 1914 was an earlier era with similar trends.

Those years experienced rapid technological change in the form of railways, steamships, and telegraphs that all came into widespread usage and spanned the oceans; they underwent business and financial sector innovation through the rapid growth in the corporate form of business organization, the invention and spread of demand deposits, and the development of dockworkers; trade policies were liberalized in many nations; and there were widespread protests against immigration and the global economy.

In the United States, the protest movement was centered in populist movements that are reminiscent of some politicians and commentators today. This is not an argument about history repeating itself. Rather, It is an attempt to get students to think of the period from World War I to the end of World War II as an aberration in the last 150 years of world history. The long run trend is toward integration, punctuated by protests and nationalistic movements that alt or reverse the trend. When students are asked what they think is new about today's economy, they inevitably answer: technology.

E-mail, faxes, satellite systems, jet aircraft, and less visible forms such as container cargo transportation systems have each made significant contributions to increasing trade flows. It is useful to engage students in a discussion over the marginal impacts of these new technologies versus the marginal effects of steam powered ocean going vessels or trans-Atlantic telegraphy. Telegraphy cut the time it took information to cross the ocean from around three weeks o relatively instantaneously, and reduced the time it took to buy a foreign bond from around three weeks to about one day.  
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It is useful for students to realize there was a disruption for two reasons. First, much of what has happened over the last 50 years was aimed at fixing something that was broken, not creating a new phenomena. Second, the international institutions that deal with the global economy are new and were created because of some shared recognition that integration was important and helpful and needed to be encouraged. An important sub-theme of the text is the idea of deep versus shallow integration and the institutional process that nations go through to create deeper levels of integration.

The chapter also points to some things that are new about today. Important ones for the text will be flexible exchange rates, regional trade agreements, and the changing mix of the types of goods nations produce. Domestic policies will be a key focus when trade barriers and capital flows are considered. Another important issue will be the evolving role of international organizations in negotiating and enforcing changes in domestic policies. . 40

Assignment Ideas I like to use the index of openness to contrast the importance of trade to various nations and to drive home the fact that relative value matters.