

# GUIDED READING Activity 17-1

For use with textbook pages 467-470

## **A**BSOLUTE AND COMPARATIVE ADVANTAGE

### RECALLING THE FACTS

**Directions:** Use the information in your textbook to answer the questions. Use another sheet of paper if necessary.

1. Why is specialization the key to trade?

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2. What is the difference between exports and imports?

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3. What would happen without international trade?

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4. Under what circumstances does a country have an absolute advantage?

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5. Under what circumstances does a country have a comparative advantage?

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6. On what assumption is the concept of comparative advantage based?

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# GUIDED READING Activity 17-2

For use with textbook pages 472–479

## **B**ARRIERS TO INTERNATIONAL TRADE

### **OUTLINING**

**Directions:** Locate the following headings in your textbook. Then use the information under the headings to help you write each answer. Use another sheet of paper if necessary.

**I. Restricting International Trade**

- A. Tariffs**—What is a protective tariff? A revenue tariff? \_\_\_\_\_  
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- B. Quotas**—How are quotas typically used? \_\_\_\_\_  
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**II. Arguments for Protection**

**A. Introduction**

- 1. What do protectionists want? \_\_\_\_\_
- 2. What do free traders want? \_\_\_\_\_

**B. National Defense**

- 1. How do protectionists use national defense as an argument to support trade barriers?  
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- 2. What is the free traders' argument in response?  
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**C. Promoting Infant Industries**—What is the infant industry argument?  
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**D. Protecting Domestic Jobs**

- 1. How could tariffs and quotas protect domestic jobs?  
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- 2. What do free traders say would happen if inefficient industries are protected?  
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**E. Keeping the Money at Home**

- 1. What is the response of free traders to this argument?  
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- 2. What industries can be hurt by this type of protectionism?  
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**F. Helping the Balance of Payments**—What is the balance of payments?  
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