

4.1: The Benefits of Trade



IB Economics: IBeconomics.com

4.1 THE BENEFITS OF TRADE: STUDENT LEARNING ACTIVITY

Answer the questions that follow.

1. DEFINITIONS

Define the following terms:

- Closed economy
- Consumer welfare
- Economies of scale
- Exports
- Import
- Inputs
- Long-run average cost
- Market power
- Natural resources
- Open economy
- Raw material
- Real income
- Specialised capital
- X-inefficient

[10 marks]

4.1: The Benefits of Trade

2. SHORT-ANSWER QUESTIONS

1. Explain the role of specialisation in allowing countries to benefit from international trade.

[4 marks]

2. Explain how the following groups benefit from international trade:

[8 marks]

a. Producers

4.1: The Benefits of Trade

b. Consumers

c. The domestic economy and society

d. The global economy and society

4.1: The Benefits of Trade

5. Explain how international trade results in lower prices for consumers.

[4 marks]

6. Explain how international results in greater choice for consumers.

[4 marks]
