Questions for PubPol/Econ 541
Oct 16

Multi-Market Analysis

After Large Country Tariff:

Deardorff, "Trade Policy with Interacting Markets," 2021.

- In the case of a large-country tariff, what would a graph of the welfare of the tariff-levying country look like as a function of the size of the tariff?
- With an unchanged tariff in the two-country model with perfect substitutes, what will happen to prices in the two countries if there is a right-ward shift of
    - Home supply
    - Home demand
    - Foreign supply
    - Foreign demand

After Differentiated Product:

Deardorff, "Trade Policy with Interacting Markets," 2021.

- If a country does not produce a good that is identical to something that it imports, does it follow that there would be no interest in levying a tariff on those imports?
- How would the analysis in Figure 4 differ if the imported good were a complement to the domestic good rather than a substitute?
- How does the effect of a tariff in a small country differ depending on whether the import is identical to the domestic good or is differentiated?
- With an unchanged tariff in the two-country model with imperfect substitutes, what will happen to prices in the two countries if there is a right-ward shift of
    - Home supply
    - Home demand
    - Foreign demand

After Input:

Deardorff, "Trade Policy with Interacting Markets," 2021.

- What (if anything) does the analysis of a tariff on an input tell us about the effects of Trump's tariffs on steel and aluminum? Aside from producers of the metals themselves, who is hurt and who is helped?

After One Country & Not Another:

Deardorff, "Trade Policy with Interacting Markets," 2021.

- Trump levied large tariffs on exports from China.
    - Based on the analysis in Figure 7, what would you expect the effects of those tariffs to be

        - On the exports of China?
        - On the exports of other countries?
    - How would it be different if foreign export supply curves were upward sloping?
    - How would it be different if imports from other countries were perfect substitutes for imports from China?