

foreign completion gave large subsidies to the domestic producers (Evenett, S., Wermelinger, M. 2010). The domestic producers were able to produce the goods and services at lower costs and the subsidized products limited the imports. This was not a reasonable thing for the international trade as it has put barriers on the foreign trade. This would put the companies to shift the production from the more efficient plants to less efficient plant (Evenett, S., Wermelinger, M. 2010).

Question No.4

The protectionism will protect the jobs in the short run but the in the long run the protectionism may not serve the purpose of protecting the jobs of the local people (Baldwin, R and S Evenett 2009). For making the protectionism work in the long run for protecting the jobs, the companies must become ultimately more efficient than the before and also the countries must promote and support the industries that are sustainable in the long run. If these measures are not used in an efficient way then the protectionism will make the things worse (Baldwin, R and S Evenett 2009).

Question No.5

The rebounded volume of international trade in during the year 2010 tell us that a modest increase in the demand of the of the local production can be increase the production of the goods and services in other countries and a part of this demand can be served by the production of the companies in the other countries (Bown, C and M Crowley 2012). So the increase in the demand can result in the increase in the volume of world trade. This is because of the global nature of the production where the parts of production may come from a number of countries and the assembly these products can take place in any country and the anywhere in the world (Bown, C and M Crowley 2012).

This fact tell us that because of the global nature of the production there is more vulnerability for the world economy to the trade wars in the future more than the past.

References:

1. Baldwin, R and S Evenett (2009), "The collapse of global trade, murky protectionism, and the crisis: Recommendations for the G20", CEPR, 5 March.