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Homework (4): Read the text and answer the questions that follow:

Tariffs are often created to protect infant industries in developing economies but are also used by more advanced economies with developed industries. Here are five of the top reasons tariffs are used: (1) *Protecting Domestic Employment*; (2) *Protecting Consumers*; (3) *Infant Industries*; (4) *National Security*; (5) *Retaliation*.

The levying of tariffs is often highly politicized. The possibility of increased competition from imported goods can threaten domestic industries. These domestic companies may fire workers or shift production abroad to cut costs, which means higher unemployment and a less happy electorate. The unemployment argument often shifts to domestic industries complaining about cheap foreign labor, and how poor working conditions and lack of regulation allow foreign companies to produce goods more cheaply. In economics, however, countries will continue to produce goods until they no longer have a comparative advantage.

A government may levy a tariff on products that it feels could endanger its population. For example, South Korea may place a tariff on imported beef from the United States if it thinks that the goods could be tainted with a disease.

Criticisms of this sort of protectionist strategy revolve around the cost of subsidizing the development of infant industries. If an industry develops without competition, it could wind up producing lower quality goods, and the subsidies required to keep the state-backed industry afloat could sap economic growth.

Barriers are also employed by developed countries to protect certain industries that are deemed strategically important, such as those supporting national security. Defense industries are often viewed as vital to state interests, and often enjoy significant levels of protection. For example, while both Western Europe and the United States are industrialized, both are very protective of defense-oriented companies.

Countries may also set tariffs as a retaliation technique, if they think that a trading partner has not played by labeling rules. Retaliation can also be employed if a trading partner goes against the government's foreign policy objectives.

Question 1 (5 points)

Match the word in the column on the left side with its meaning in the one on the right side of the table below:

Word	Meaning
(1) EXAMPLE: Tariffs matches C	(a) A rule or directive made and maintained by an authority.
(2) Competition	(b) The theory or practice of shielding a country's domestic industries from foreign competition by taxing imports.
(3) Regulation	(c) A tax or duty to be paid on a particular class

	of imports or exports
(4) Strategy	(d) A plan of action designed to achieve a long-term or overall aim.
(5) comparative advantage	(e) A small piece of paper, fabric, plastic, or similar material attached to an object and giving information about it.
(6) Protectionism	(f) The activity or condition of striving to gain or win something by defeating or establishing superiority over others.
(7) subsidizing	(g) Counter-attack
(8) labeling	(h) The ability of an individual or group to carry out a particular economic activity (such as making a specific product) more efficiently than another activity.
(9) foreign policy	(i) A government's strategy in dealing with other nations.
(10) retaliation	(j) Pay part of the cost of producing (something) to keep the selling price low.

Question 2 (5 points)

Find the word in the text that has one of the following meanings:

1. At or to a high degree or level _____.
2. An exchange of diverging or opposite views: _____.
3. Impose (a tax, fee, or fine): _____.
4. Absolutely necessary; essential: _____.
5. A course or principle of action adopted or proposed by an organization or individual: _____.
6. A way of carrying out a particular task, especially the execution or performance of an artistic work or a scientific procedure: _____.
7. Food that become contaminated or polluted: _____.
8. All the people in a country or area who are entitled to vote in an election: _____.
9. Regard or consider in a specified way: _____.
10. Put (someone or something) at risk or in danger: _____.

Question 3 (5 points)

From reading the text, What's the difference between tariffs and barriers to trade?

Question 4 (5 points)

Translate the first paragraph into Arabic.