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## Trade Problem Set 90 2-8

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1. When trade policies are implemented it is common to refer to it as “protectionism.” Why? Explain briefly.
2. Does trade theory suggest that trade liberalization by a small importing country will make everyone in the country better-off? Why or why not? Explain briefly.
3. If a country implements an import quota with identical price effects, instead of a tariff, what can the government do to assure that the distribution of the gains and losses remains exactly the same? Explain briefly.