T GEOG 349
Response Paper 5
Questions from *Imports, Exports, and Jobs* by Lori Kletzer

1. Describe the assumptions and results of:
    a. the Stolper-Samuelson theorem

    b. factor-price equalization

    c. intra-industry trade between fairly similar countries (as Kletzer summarizes from Helpman and Krugman)

Note: "monopolistic competition" (p. 19) is competition between firms producing differentiated – yet substitutable – products. Each firm has a distinct market (because of the power of its brand or the exact specifications of its product line), but buyers could switch allegiance if a given firm raises its price too high. Think Boeing and Airbus, or Apple and Dell, or UW and WSU.

2. What are the five main findings of Kletzer's study? (Put them in your own words.)

3. Why are import restrictions costly to the country imposing them?

4. What two policy measures does Kletzer suggest to help countries deal with the negative economic results of trade liberalization?