IGCSE ECONOMICS • EXERCISE SHEET

6.1 Specialisation and free trade

Name: ____________ Class: ________ Date: __________ **Total: 18 marks**

KEY WORDS trade 贸易 • free trade 自由贸易 • exports 出口 • living standards 生活水平 • imports 进口

Objective

Build the skills to answer exam questions on **specialisation and free trade 专业化与自由贸易** — national **specialisation 专业化**, **exports and imports 出口与进口**, and the benefits and costs of **free trade 自由贸易**.

You must be able to:

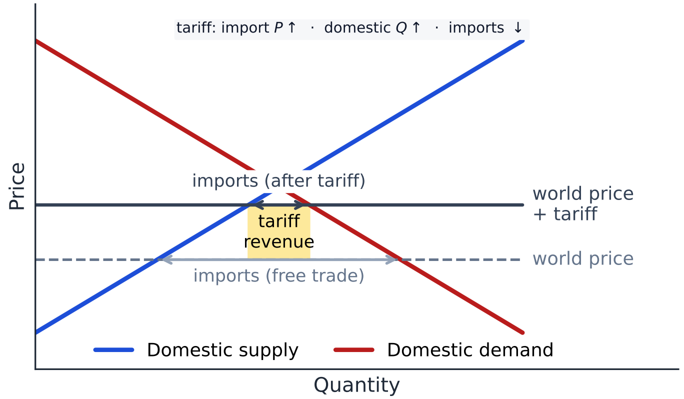
- explain national specialisation, exports and imports
- state the benefits and disadvantages of free trade
- analyse the effect of free trade on consumers and firms

1 Worked examples

■ Why countries trade

A country focuses on what it makes best, then trades for the rest

- **Specialisation 专业化**: a country makes the goods it is best at → **exports 出口** them and **imports 进口** others.
- **Free trade 自由贸易**: trade with no barriers. **Benefits:** cheaper goods, more choice, economies of scale, more competition → higher **living standards 生活水平**.
- **Costs:** domestic firms may not compete (job losses); over-**dependence 依赖**; **infant industries 幼稚产业** may never grow.



Free trade removes barriers like the tariff shown here — lowering price and raising the quantity traded

Answer shapes: K + App + An + Ev (a justified judgement, for discuss questions).

2 Practice

2.1 Define the term *free trade*. [2]

2.2 State the difference between *exports* and *imports*. [2]

2.3 State one benefit of free trade to consumers. [1]

3 Exam-style questions

3.1 A benefit of free trade to consumers is: [1]

- **A** higher prices
- **B** a wider choice of cheaper goods
- **C** more domestic job losses
- **D** less competition

3.2 Explain two benefits to a country of specialising and trading with others. [4]

3.3 Discuss whether free trade is always good for a country. [8]

Solutions

IGCSE Economics answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

2.1 trade between countries with no barriers — no taxes or limits on imports (2 for a clear definition; 1 for a partial idea).

2.2 exports are goods a country sells to other countries; imports are goods it buys from other countries (2 for a clear difference; 1 for a partial idea).

2.3 any one of: lower prices; a wider choice of goods (1).

3.1 B. Free trade gives consumers a wider choice of cheaper goods.

3.2 *[4]* For **each** of two benefits: K 1 + An 1 — *cheaper goods*: a country buys goods more cheaply from abroad than making them itself → lower prices and higher living standards; *bigger markets*: firms sell to the whole world → they gain economies of scale → lower costs.

3.3 *[8]* K/App/An up to 5 + Ev up to 3. **Good:** cheaper goods, more choice, economies of scale and stronger competition raise living standards. **Bad:** domestic firms may close if they cannot compete (job losses), a country can become over-dependent, and infant industries may never develop. **Judgement (Ev):** free trade usually raises living standards, but it can harm firms that cannot compete and new industries — so some limited, temporary protection may be justified; it depends on the country's industries.