

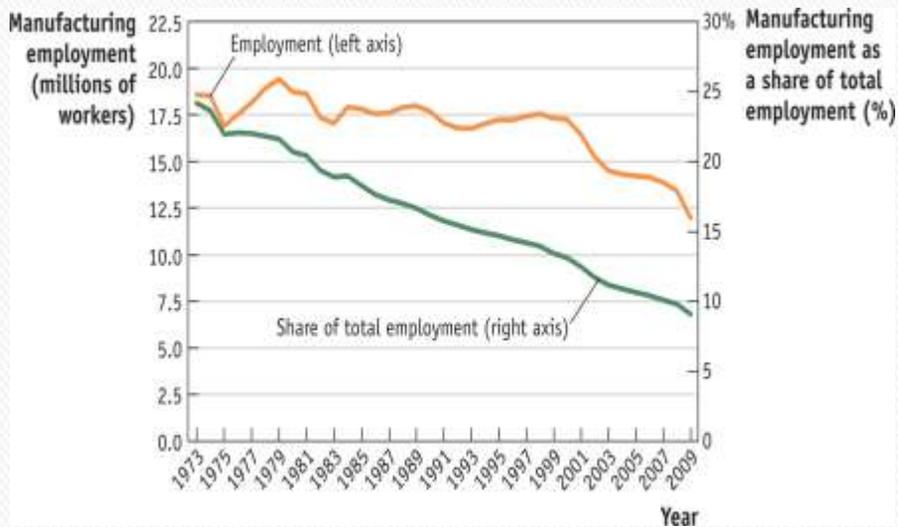
# International Economics

- » We have seen that after opening up to trade, some sectors will decline while others will expand.
- » Trade is often viewed as undesirable because of large weight attached to the declining sector:
  - > The losers are well identified and organised.
  - > The gainers do not yet really exist.
- » This is a political-economic issue.
- » A solution would be to compensate the losers and let trade happen because of its potentially large benefits.

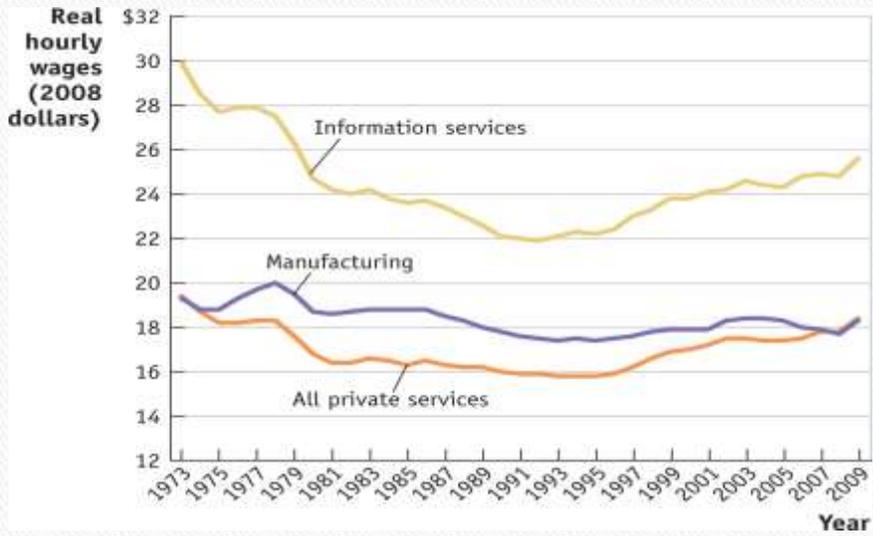
Trade and unemployment >

- » The USA has created the **Trade Adjustment Assistance (TAA)** program.
- » Aims to help those who lose from trade.
- » Has recently been extended to include service workers.
- » Do we have the same in Canada?

## Trade and unemployment >



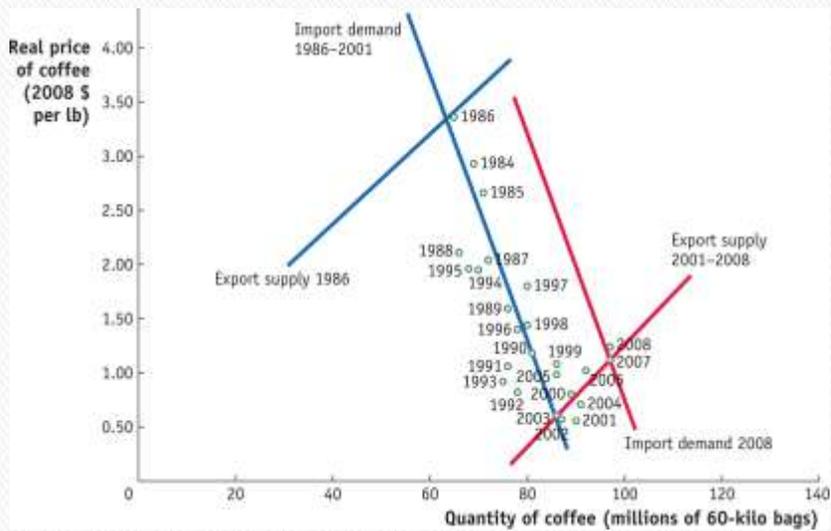
## Unemployment and trade >



Unemployment and trade >

Industry	Total Displaced Workers (thousands) January 2005–December 2007	PERCENTAGES			Total Displaced Workers (thousands) January 2008–December 2009
		Workers Reemployed by January 2008	Of the Workers Reemployed:		
			Earn Less in New Job	Earn Same or More in New Job	
Total	3,641	67%	44%	55%	5,087
Manufacturing industries	876	64%	49%	51%	2,117
Service industries	2,312	68%	44%	56%	n.a.

Unemployment and trade >



On price volatility >

- » Coffee prices are highly volatile
- » Unfortunately, we don't have a good model to look at the problem of export price volatility.

On price volatility >