

Title	Explain and evaluate arguments for and against free trade and trade restrictions		
Level	5	Credits	2

Purpose	People credited with this unit standard are able to explain and illustrate, and evaluate, the arguments for and against free trade and trade restrictions.
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Classification	Economic Theory and Practice > Macro Economics
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Available grade	Achieved
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Guidance Information

Theory of comparative advantage is applied to a two-country, two-product model, under the assumption of zero transport costs and no diminishing returns.

Outcomes and performance criteria

Outcome 1

Explain and illustrate the arguments for and against free trade and trade restrictions.

Performance criteria

1.1 The explanation provides an argument for free trade consistent with the theory of comparative advantage.

1.2 The explanation demonstrates understanding of the economic impact of trade restrictions.

Range the explanation may include but is not limited to – graph and/or case study; evidence is required of two trade restrictions that include a non-tariff barrier, and either a tariff, export subsidy or quota.

1.3 The explanation outlines arguments for trade restrictions in terms of their justification.

Range arguments – five of – diverse economy, national defence, labour protection, infant industry, retaliation, national traditions.

Outcome 2

Evaluate the arguments for and against free trade and trade restrictions.

Performance criteria

2.1 The evaluation assesses arguments for trade restriction in terms of their long-run impact on growth, employment, and social well-being.

Range three of – diverse economy, labour protection, infant industry, retaliation, national traditions.

2.2 The evaluation compares the possible long-run economic outcomes of trade restriction with those of a free trade environment in terms of economic development and employment.

Range outcomes – three for – trade restriction, free trade.

This unit standard is expiring. Assessment against the standard must take place by the last date for assessment set out below.

Status information and last date for assessment for superseded versions

Process	Version	Date	Last Date for Assessment
Registration	1	29 October 1996	31 December 2021
Revision	2	21 July 1999	31 December 2021
Revision	3	14 September 2005	31 December 2021
Review	4	16 October 2009	31 December 2021
Rollover and Revision	5	16 April 2015	31 December 2021
Review	6	27 June 2019	31 December 2021

Consent and Moderation Requirements (CMR) reference	0116
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This CMR can be accessed at <http://www.nzqa.govt.nz/framework/search/index.do>.