Economics 231 – International Trade

Spring 2023

Homework 4 –

1. Commodity price instability has been addressed (successfully and unsuccessfully) in a variety of ways. Explain how each of the following was meant to address the “commodity problem” and what led to less than successful outcomes in each instance:

-The cartel movement

-Stabex/Sysmin

-The Fair Trade movement

1. What are the five conditions necessary for the successful cartelization of a commodity product? In this context, what problems arose for UNCTAD (the UN Commission on Trade and Development) in its efforts to promote cartels? What conditions were typically violated? Use two commodities that were cartelized to illustrate your answer (e.g. coffee, cocoa, sugar, tin, etc.).