**International Trade Policies & the Economy Key Terms**

Balance of Trade – the difference between the value of a nation’s exports and imports; limited to trade in goods

Bilateral trade – trade between two countries

Economic Interdependency – a mutual reliance in which actions in nations reverberate and affect the economic well-being of people in other nations

Fiscal Policy – the deliberate use of the national government’s taxing and spending policies to maintain economic stability

Free Trade Policy – an elimination of tariffs and nontariff trade barriers so that international trade is expanded

Global economy – a worldwide economy created by the integration and interdependence of national economies

Isolationism – a national policy of avoiding participation in foreign affairs

Subsidies – tax breaks or any kind of financial support that encourage behaviors the government deems beneficial to the public good

Tariff – a special tax on imported goods