Exercise walk-through

Protectionism ▪ 6.2

eXercise

You must be able to

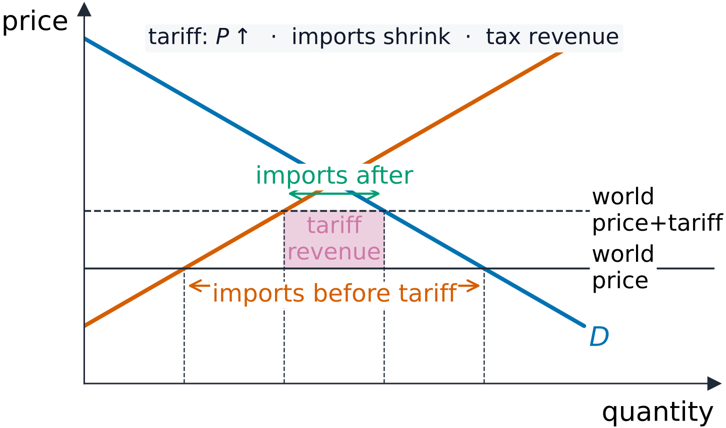
- define the main protectionist tools and draw a tariff diagram
- explain the arguments for and against protection
- analyse the effect of a tariff on different stakeholders

Method — A tariff

- **Tariff 关税**: a tax on imports (raises their price). **Quota 配额**: a legal limit on import quantity.
- **Arguments for:** protect an **infant industry 幼稚产业**, save jobs, stop **dumping 倾销**.
- **Arguments against:** higher prices, protects inefficiency, risks **retaliation 报复**.
- **Stakeholders of a tariff:** home producers gain, government gains revenue, **consumers lose**, foreign producers lose.

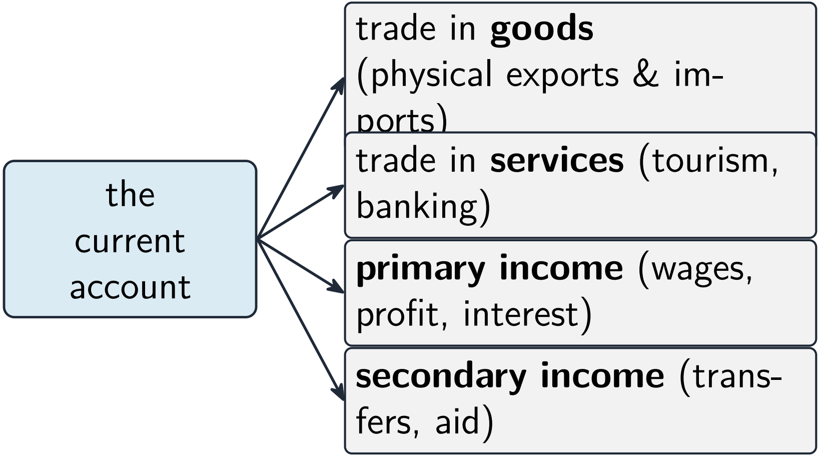
Answer shapes: an **Explain [up to 8]** answer may use a tariff diagram (AO3); **Discuss [12]** adds a judgement (AO4).

Method — A tariff



A tariff raises the price, cuts imports, and earns the government revenue

Method — A tariff



Practice 2.1 ▪ 2 marks

Define the term *tariff*.

Solution 2.1

Worked steps

a tax on imports, which raises their price (2 for a clear definition; 1 for a partial idea).

Practice 2.2 ▪ 2 marks

State the difference between a *tariff* and a *quota*.

Solution 2.2

Method: A tariff

Worked steps

a tariff is a tax that raises the price of imports; a quota is a legal limit on the quantity of imports (2 for a clear difference; 1 for a partial idea).

Practice 2.3 ▪ 1 mark

State one argument in favour of protectionism.

Solution 2.3

Worked steps

any one of: protect an infant industry; save jobs; prevent dumping; raise government revenue (1).

Exam-style 3.1 ▪ 1 mark

A **quota** is best described as:

A a tax on imports

B a legal limit on the quantity of imports

C a payment to domestic producers

D a complete ban on trade

Solution 3.1

A a tax on imports

B a legal limit on the quantity of imports ✓

C a payment to domestic producers

D a complete ban on trade

Worked steps

B. A quota limits the quantity of imports.

Exam-style 3.2 ▪ 8 marks

Using a tariff diagram, explain how a tariff affects domestic producers and consumers.

Solution 3.2

Method: A tariff

Worked steps

[8] AO1 1 + **AO3 diagram up to 4** (domestic S and D, world price, world price + tariff, imports shrink, revenue box) + AO2/AO3 up to 3 — the tariff raises the price → domestic producers supply more and gain, but consumers pay more and buy less, so consumer surplus falls; the government collects tariff revenue.

Exam-style 3.3 ▪ 12 marks

Discuss whether a government should use protectionism to support its domestic industries.

Solution 3.3

Method: A tariff

Worked steps

[12] AO1/AO2/AO3 up to 8 + AO4 up to 4. **For:** protects infant industries and jobs, prevents dumping, raises revenue. **Against:** higher prices for consumers, protects inefficient firms, risks retaliation and a trade war that harms exporters. Judgement: limited, temporary protection of a genuine infant industry can be justified, but broad long-term protection usually lowers welfare — it depends on the industry and the risk of retaliation.