Solutions

Economics answers are marked by **level of response** against the assessment objectives: award **AO1** knowledge, **AO2** application, **AO3** analysis and **AO4** evaluation.

Each answer shows the steps, then the **result**.

2.1

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

2.2

- 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)

2.3

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

3.1 B

- A quota limits the quantity of imports

3.2

- *[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

3.3

- *[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