Solutions

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

2.1

- specialising in what a country produces most efficiently and trading for the rest, raising total output

2.2

- it taxes imports; this protects domestic producers but raises prices for consumers

2.3

(a)

- complementarity / comparative advantage

(b)

- each gets what it lacks more cheaply, raising welfare

3.1 B

- a tax on imports is a tariff

3.2 B

- specialise in the efficient good and trade for the rest

3.3

(a)

- cheaper, more varied goods

(b)

- domestic producers who now face more competition