Solutions

IGCSE Economics answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

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

2.1

- a **tariff** is a **tax on imports**, which makes them dearer (K)

2.2

- a **tariff** is a tax that raises the price of imports; a **quota** is a **limit on the amount** of a good that can be imported (K)

2.3

- a **multinational company (MNC)** is a firm that produces in **more than one country** (K)

3.1 B

- a **quota** is a **limit on the amount** of a good that can be imported (K)
- A is a tariff; C is a subsidy; D is an embargo

3.2

- for **each** of two reasons: K + An
- e.g. **protect jobs / an infant industry**: barriers keep out cheaper imports → home firms survive while a new industry grows
- e.g. **stop dumping**: a tariff raises the price of goods sold below cost → it protects local firms from being destroyed

3.3

- **for**: it protects jobs and infant industries, prevents dumping, and raises tariff revenue (K + An)
- **against**: prices rise and choice falls; protected firms stay weak; other countries may **retaliate** (An)
- **judgement (Ev)**: limited, temporary protection of a genuine infant industry can be justified, but **broad long-term** protection usually lowers living standards