**1. Short-Answer Questions (2-4 marks)**

1. **Define a tariff.** (2 marks)  
   **Sample Answer:** A tariff is a tax imposed by a government on imported goods. It increases the price of the imported product, making it less competitive compared to domestically produced goods.
2. **Outline the difference between a quota and a subsidy as trade protection measures.** (3 marks)  
   **Sample Answer:** A quota is a limit on the quantity of a good that can be imported into a country, restricting supply and often raising prices. A subsidy, on the other hand, is a payment made by the government to domestic producers to reduce their costs and make their products more competitive in the global market.
3. **Explain one reason why a government might impose an import quota.** (3 marks)  
   **Sample Answer:** A government might impose an import quota to protect domestic industries from foreign competition. By limiting the number of imports, domestic producers can maintain a larger market share and avoid being outcompeted by potentially cheaper foreign goods.
4. **Identify two potential effects of an import tariff on domestic consumers.** (4 marks)  
   **Sample Answer:**
   * Domestic consumers may face higher prices for goods that are subject to tariffs, as the cost of imports increases.
   * Consumers might experience a reduction in the variety of goods available, as tariffs can reduce the volume of imported goods.

**2. Data Response Questions (6-8 marks)**

1. **Using the diagram provided, analyze the impact of an import tariff on the price and quantity of imported goods.** (6 marks)  
   **Sample Answer:**
   * The imposition of a tariff shifts the supply curve for imports to the left, leading to a higher equilibrium price (P2) and a lower quantity of imports (Q2).
   * Domestic producers benefit as they can now charge a higher price (P2) and increase their output, while foreign producers sell fewer goods at the lower quantity (Q2).
   * The area representing the government's tariff revenue is the rectangle formed by the tariff rate and the quantity of imports after the tariff.
2. **Examine the effects of an export subsidy on domestic producers and foreign competitors.** (7 marks)  
   **Sample Answer:**
   * Domestic producers benefit from export subsidies as they lower production costs, enabling them to sell at lower prices in foreign markets, increasing their competitiveness.
   * Foreign competitors may be negatively impacted as they struggle to compete with the artificially lowered prices of subsidized goods, potentially losing market share.
   * The global market could see a distortion in trade patterns, leading to inefficiencies and possibly retaliatory measures from affected countries.

**3. Essay Questions (10-15 marks)**

1. **Discuss the economic arguments for and against the use of protectionist policies such as tariffs and quotas.** (15 marks)  
   **Sample Answer:**
   * **For Protectionism:**
     + Protection of infant industries: Tariffs and quotas can help new industries develop without being overwhelmed by established foreign competitors.
     + Job protection: By reducing imports, domestic industries may retain or even create jobs, particularly in sectors vulnerable to foreign competition.
     + National security: Some industries are critical to national security, and protectionism ensures they remain operational domestically.
   * **Against Protectionism:**
     + Higher consumer prices: Tariffs and quotas reduce competition, leading to higher prices for consumers.
     + Retaliation: Other countries may retaliate with their own protectionist measures, reducing export opportunities.
     + Inefficiency: Protectionism can lead to the survival of inefficient domestic industries, reducing overall economic welfare.
   * **Conclusion:** While protectionist policies can provide short-term benefits to certain sectors, they often lead to higher costs for consumers and inefficiencies in the long run.
2. **Evaluate the impact of trade protection on developing economies.** (15 marks)  
   **Sample Answer:**
   * **Positive Impacts:**
     + Protection of emerging industries: Developing economies may use protectionist measures to nurture new industries until they become competitive internationally.
     + Revenue generation: Tariffs can provide a significant source of government revenue in developing countries with limited tax bases.
   * **Negative Impacts:**
     + Increased costs: Protectionism can lead to higher prices for consumers and producers in developing economies, limiting access to essential goods.
     + Retaliation and trade wars: Developing countries are often at a disadvantage in trade disputes, and retaliation from more developed economies can harm their export sectors.
     + Long-term inefficiency: Sustained protectionism may prevent industries from becoming globally competitive, leading to stagnation.
   * **Conclusion:** While trade protection can offer short-term advantages for developing economies, it may hinder long-term growth by promoting inefficiency and exposing these economies to retaliatory trade measures.