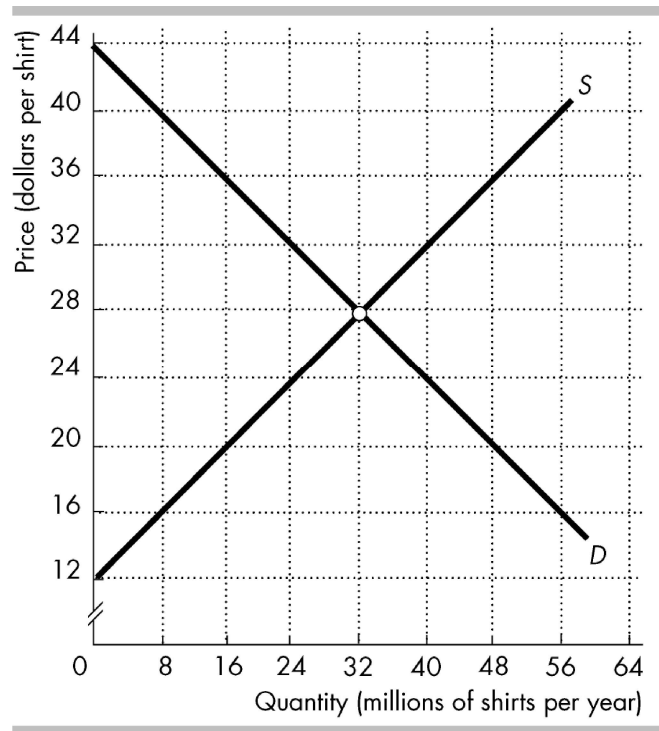


Choose the one alternative that best completes the statement or answers the question.

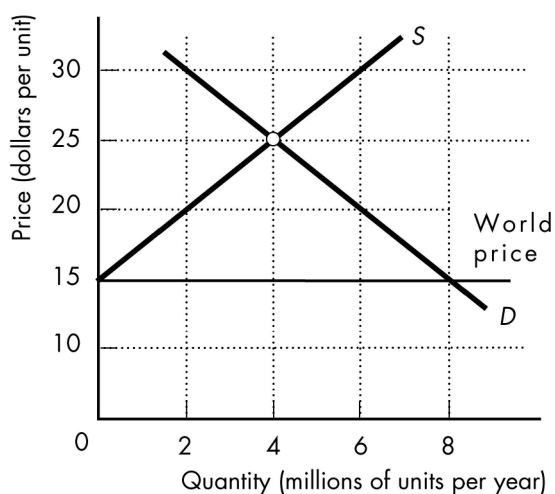


The figure shows the market for shirts in the United States, where D is the domestic demand curve and S is the domestic supply curve. The world price is \$20 per shirt.

- 1) In the figure above, with international trade Americans buy \_\_\_\_\_ million shirts per year. 1) \_\_\_\_\_  
 A) 24                                      B) 48                                      C) 32                                      D) 16
- 2) In the figure above, with international trade \_\_\_\_\_ million shirts per year are produced in the United States. 2) \_\_\_\_\_  
 A) 16                                      B) 20                                      C) 32                                      D) 48
- 3) In the figure above, with international trade the United States \_\_\_\_\_ million shirts per year. 3) \_\_\_\_\_  
 A) exports 32                                      B) imports 48                                      C) exports 16                                      D) imports 32
- 4) A tariff is a 4) \_\_\_\_\_  
 A) tax on an exported good or service.                                      B) tax on an imported good or service.  
 C) subsidy on an imported good.                                      D) subsidy on an exported good.
- 5) A major purpose of tariffs is to 5) \_\_\_\_\_  
 A) discourage exports.                                      B) encourage exports.  
 C) encourage imports.                                      D) discourage imports.
- 6) Tariffs and import quotas differ in that 6) \_\_\_\_\_  
 A) one is legal, while the other is not.  
 B) one is a form of trade restriction, while the other is not.  
 C) one is imposed by the government, while the other is imposed by the private sector.  
 D) one is a tax, while the other is a limit.

- 7) Suppose the country of Atlantica imposes a tariff on foreign-produced cars. As a result of the tariff, 7) \_\_\_\_\_
- A) there is an increase in the number of imported cars.
  - B) tariff revenue collected by the government in the Atlantica increases.
  - C) the gains from trade rise.
  - D) there are more efficient trade agreements between Atlantica and its trade partners.
- 8) Reducing a tariff will \_\_\_\_\_ the domestic production of the good and \_\_\_\_\_ the total domestic consumption of the good. 8) \_\_\_\_\_
- A) increase; increase
  - B) decrease; increase
  - C) decrease; decrease
  - D) increase; decrease

Write your answer in the space provided or on a separate sheet of paper.



- 9) The above figure shows the domestic supply of and domestic demand for an imported good. The world price is \$15 per unit.
- a) At the world price of \$15 per unit, what is the domestic consumption and domestic production?
  - b) At the world price of \$15 per unit, what is the quantity imported?
  - c) If the government imposes a tariff of \$5 per unit, what is the domestic consumption and domestic production?
  - d) With the \$5 per unit tariff, what is the quantity imported?
  - e) How much revenue does the government collect with a tariff of \$5 per unit?