Wilf Csaplar Jr. Economics 360 Homework #6 **Due Tuesday 3/15**

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type this assignment will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

1) (25 points) Assuming the article linked below is correct, especially the end of the third paragraph, is the USA a small or a large country for those tariffs imposed? Explain your logic. Assuming that the tariffs are all import tariffs, draw the partial equilibrium S/D diagram for one of those goods. Illustrate the effects of the implementation of the tariffs. Explain why the diagram moved as drawn. Show consumer surplus, producer surplus, tax revenue, and dead-weight loss for both before and after the tariff as well as the gain or loss. Briefly explain how you found those areas. https://taxfoundation.org/who-really-pays-tariffs/

2) (25 points) Draw the partial equilibrium S/D diagram for a good we export and we are a large producer of. Illustrate the effects of an implementation of an export tax. Explain why the diagram moved as drawn. Show consumer surplus, producer surplus, tax revenue, and dead-weight loss for both before and after the tariff as well as the gain or loss. Briefly explain how you found those areas.

3) (10 points) Suppose the import tariff on a final product is 20%. The import tariff on the imported parts are 40% and imported parts are 60% of the cost of the product. Calculate the effective tariff rate. Explain why that number makes sense.

4) (40 points) Draw the PPF/CPF/indifference curve diagram for a labor abundant small country which is open to trade. Illustrate the effects of an implementation of an import tariff. Show the new trade line, new perceived TOT line, new perceived CPF, and the new indifference curve. Explain how your graph shows: a small country, labor abundant, the tariff changing where they are producing, the tariff revenue, and where they are consuming.