I. (5 points) **Quota vs. Tariff.** Here, once again we will use the same information as in assignments 3 and 4. The goal now is to compare the effects of a tariff and a quota. Answer the following questions:

1. What size quota would have to be imposed on imports to increase quantity supplied from 2000 to 2300 bottles? Draw the appropriate graph and show it on the graph.
2. Once the quota is imposed, how much will quantity demanded change?
3. What will be the price paid by consumers? Received by producers?
4. What is the change in Consumer Surplus? What is the change in Producer Surplus? Do benefits outweigh the costs?
5. What is the net effect of the quota on the welfare and how does it compare with the tariff’s effect on the welfare? Explain using words and numbers. Which one is better for consumers, government, producers?

II. (5 Points. Bonus may be awarded for exceptional performance) Write a one-page essay on dumping. Write it as an encyclopedia article (or an executive summary, if you prefer that kind of language): it has to be concise and contain the most relevant information. For additional info beyond the book use the following link:

http://www.wto.org/english/thewto_e/whatis_e/tif_e/tif_e.htm