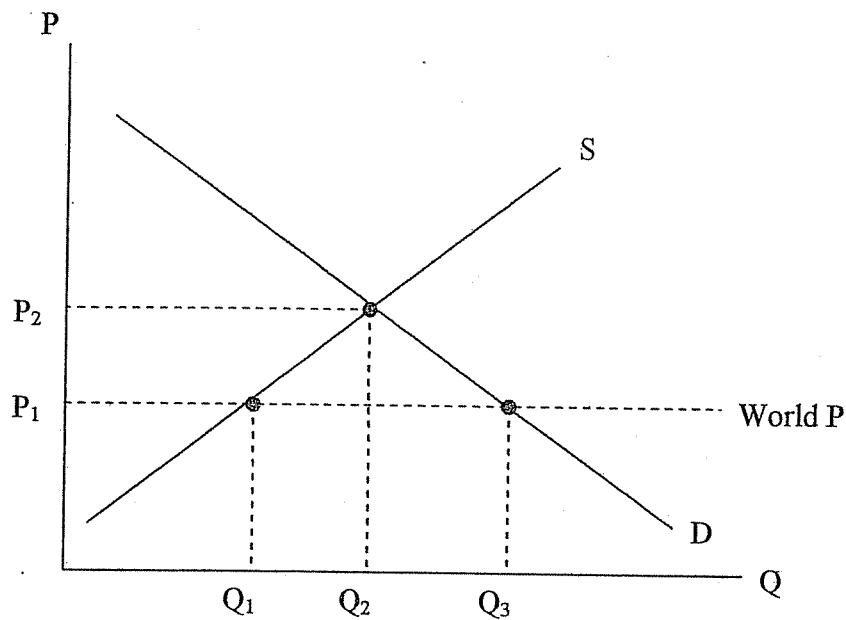


IC #7 Key (2-27-09)

1. A price that is kept above its equilibrium value due to an imposed government policy is known as a:
- a. Price ceiling (-2)
 - b. Quota (-3)
 - c. Tariff (-3)
 - d. Tax (-3)
 - e. Price floor (-0)



2. Assume the world price for a product is below the equilibrium price as noted in the graph above. If there are no trade restrictions, what quantity of the product would most likely be imported?

- a. Q_1 b. Q_2 c. Q_3 d. $Q_3 - Q_2$ e. $Q_3 - Q_1$
-3 -3 -2 -2 -0