Teacher Answer Key

Case Study

1. Tariffs reduced exports to China and imports of Chinese consumer goods, shifting NX; input tariffs raised costs that offset gains.

2. Firms relocated production, moving GDP contributions to Southeast Asia and altering trade patterns.

Multiple Choice

1. B

2. C

3. A

Matching

1-B, 2-A, 3-D, 4-E, 5-C

Fill-in-the-Blank

1) deficit, 2) appreciates, 3) income

Short Answer (Sample Responses)

Q1: Higher export revenues may be offset by lost markets or higher input costs.

Q2: Tariffs can raise consumer prices and provoke retaliation.

Q3: Disruptions in one link of the chain can delay production and trade worldwide.