**If, as a result of sanctions imposed against Greece by a large country, there is decreased demand for a product exported by Greece under perfectly competitive conditions, the following changes in Greek CS and PS are possible:**

1. CS will fall by **€4**00, and PS will rise by **€3**00.
2. CS will fall by **€5**00, and PS will rise by **€6**00.
3. CS will rise by **€5**00, and PS will fall by **€4**00.
4. CS will rise by **€4**00, and PS will fall by **€3**00.
5. **none of the above**

**If a tariff is imposed by a small country under perfectly competitive conditions, the following changes in the country’s CS, PS, and TR are possible:**

1. CS will fall by  **€**500, PS will rise by  **€**600, and TR will rise by **€**200.
2. CS will fall by  **€**500, PS will rise by  **€4**00, and TR will rise by **€**200.
3. **CS will fall by €500, PS will rise by €300, and TR will rise by €100.**
4. CS will fall by  **€4**00, PS will rise by  **€3**00, and TR will rise by **€1**00.
5. none of the above

**If the US (a large country) subsidizes its exports of a good which Greece also exports to third countries, then the following changes in Greece’s CS and PS will be observed:**

(a) both PS and CS will rise

(b) both PS and CS will fall

(c) PS will rise and CS will fall

**(d) PS will fall and CS will rise**

(e) none of the above

**Airbus (*A)* and Boeing (*B*) plan whether to invest in R&D to develop a new aircraft. The payoff table is given below, with the upper-right entries being the payoffs for *A,* and the lower-left entries being the payoffs for *B*:**

**Airbus**

|  |  |  |
| --- | --- | --- |
|  | **Invest** | **Not Invest** |
| **Invest** | **90**  **70** | **80**  **125** |
| **Not Invest** | **100**  **90** | **80**  **90** |

**Boeing**

**What do you think will be the outcome of this game?**

1. both firms invest
2. *B* invests and *A* does not
3. ***A* invests and *B* does not**
4. neither firm invests
5. none of the above