

## Tariffs on kumquats!

a. Growers are the focus. How is net benefit calculated as a spender?

Costs:

Tariff revenues (8m)  
Production (6m)  
Reduced consumption (13m)

Benefits:  
Profits (4m)

$$4 - 8 - 6 - 13 = \boxed{-23m}$$

b. Treasury behaves as a guardian. How would net benefit be calculated if profit taxes are 20%.

Costs:

Production (6m)  
Consumption (13m)

Benefits:  
Profits (4m)  
Revenues (8m)

$$4 + 8 - 6 - 13 = \boxed{-7m}$$