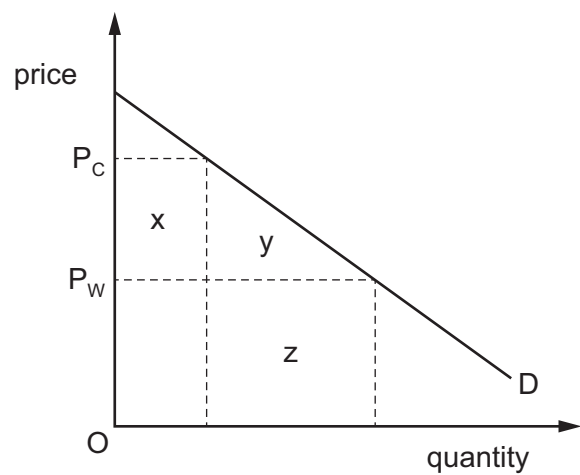


26 In the diagram, D is a country's demand curve for an imported good.

The country's government imposes an import tariff equal to  $P_w - P_c$  on the good.



Which areas measure the resulting loss in consumer surplus and the resulting gain in government revenue?

	loss in consumer surplus	gain in government revenue
A	$x + y$	$x$
B	$x + y$	$z$
C	$y$	$x$
D	$y$	$z$

27 The demand for a country's exports is price-elastic.

What will be the effect of introducing export subsidies on its balance of trade and on its terms of trade?

	balance of trade	terms of trade
A	improve	improve
B	improve	worsen
C	worsen	improve
D	worsen	worsen