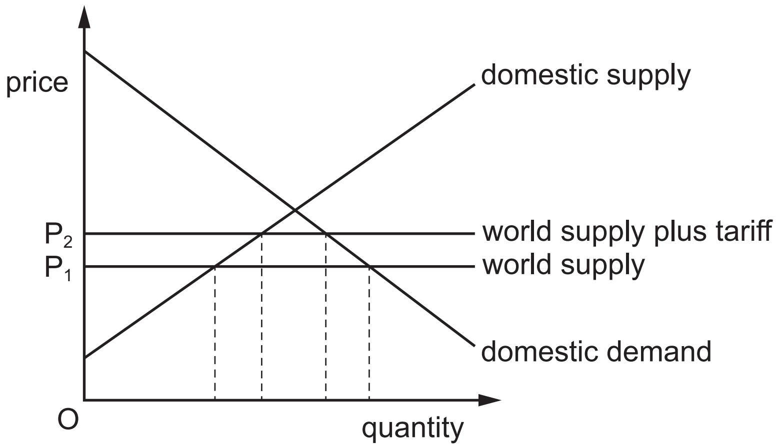
**27** The diagram shows the effect of introducing a tariff on a product.




What determines the producer surplus that the tariff generates for domestic producers?

**A** the price elasticities of domestic supply and demand

**B** the tariff rate and the price elasticities of both domestic demand and supply

**C** the tariff rate and the price elasticity of domestic demand

**D** the tariff rate and the price elasticity of domestic supply

**28** Which government policy is most likely to cause expenditure switching that will benefit a country's current account?

**A** increasing import quotas

**B** increasing income tax allowances

**C** increasing spending on unemployment benefits

**D** increasing subsidies to domestic firms

**29** Which type of economic policy is likely to be considered the most effective by a government that has greater income equality as its primary aim?

**A** fiscal policy

**B** international trade policy

**C** monetary policy

**D** supply side policy