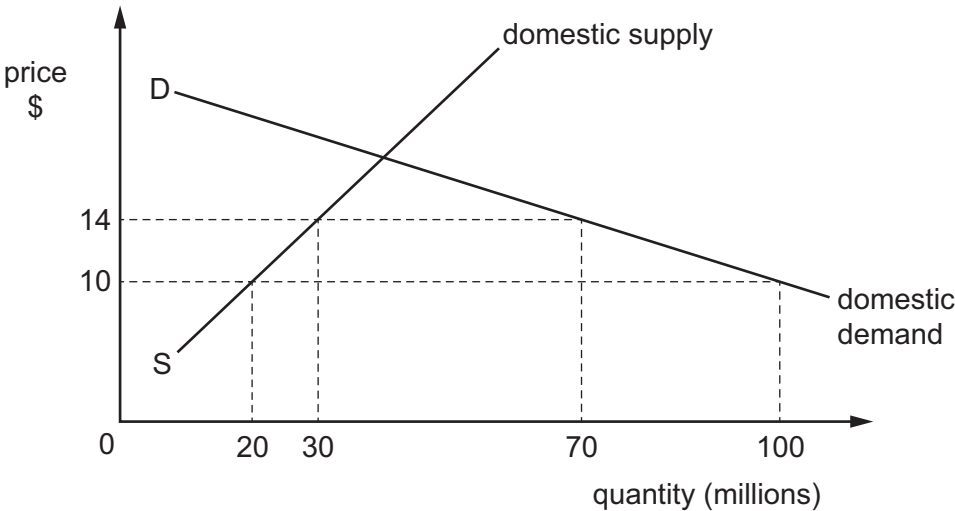


26 The diagram shows that the imposition of a tariff raises a product's world price from \$10 to \$14.



What was the change in domestic producers' income as a result of the tariff?

- A It rose by \$120 million.
 - B It rose by \$160 million.
 - C It rose by \$220 million.
 - D It rose by \$280 million.
- 27 What is a disadvantage when a quota replaces a tariff to reduce imports?
- A It is harder to anticipate its impact.
 - B It is less effective at raising revenue for the government.
 - C It is less effective when imports are necessities.
 - D It prevents any involvement of market forces.
- 28 All other things being equal, what will be the likely effects on the US budget deficit and the supply of US government bonds if the US government increases its expenditure?

	US budget deficit	supply of US government bonds
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase