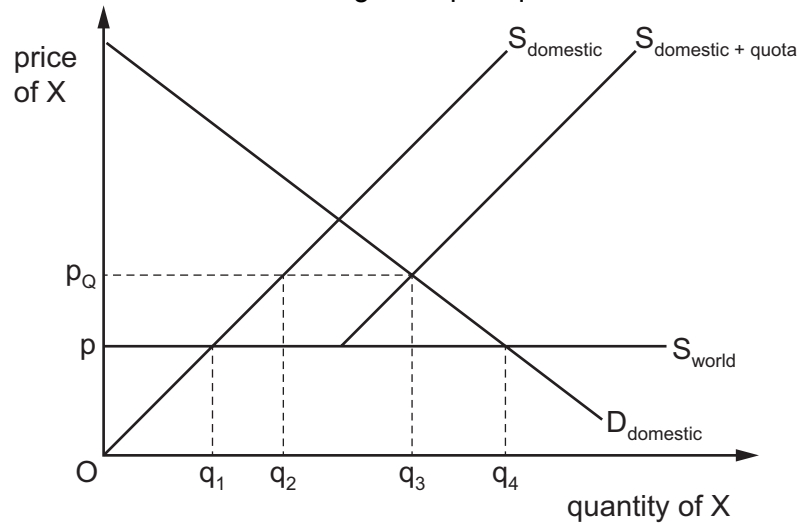


23 The diagram shows the effect of introducing an import quota on the market for good X.



What is the change in domestic supply and the size of the import quota?

	change in domestic supply	size of import quota
A	$q_1q_2$	$q_2q_3$
B	$q_1q_3$	$q_1q_4$
C	$q_1q_4$	$q_1q_2$
D	$q_2q_3$	$q_3q_4$

24 Country X joins a customs union with country Y and will remove the tariff on its imports of good M from country Y.

Under which conditions will trade creation in country X be the smallest?

	existing size of country X's tariff on imports of good M	price elasticity of demand for good M in country X
A	large	-0.8
B	large	-1.4
C	small	-0.8
D	small	-1.4