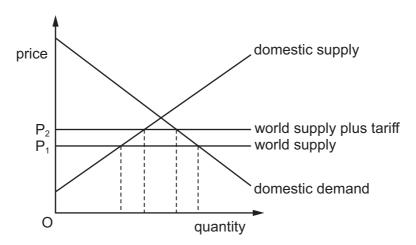
22 The diagram shows the effect of a tariff on a product.



From this diagram, what determines the gain 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
- 23 The European Union consists of a group of countries with free trade between its members and a common external tariff on trade with non-members.

What would weaken the operation of this customs union?

- A devaluation of any member's currency
- **B** differences in wage costs between members
- **C** entry tests for seasonal migrant workers
- **D** one member country agreeing a trade deal with a non-member country
- 24 Which change is **most** likely to result in a worsening of a country's balance of payments?
 - A a reduction in remittances from citizens who work abroad
 - **B** a rise in domestic rates of direct taxation
 - **C** an expansion in the economy of a major trading partner
 - **D** an increase in domestic interest rates