Subsidy sum of money given to producers
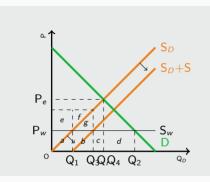
- Subsidy will increase production so S_0 shifts to the right
- Domestic production increases from OQ_1 to OQ_3; revenue increases from a to $a + b + e + f + g$ ($e + f + g$ is the subsidy)
- Import decreases from Q_1Q_2 to Q_3Q_2
- Foreign revenue decreases from $b + c + d$ to $c + d$
- $e + f + g$ is government spending on subsidy
- g represents the welfare loss