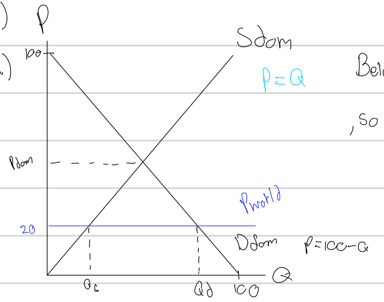
4)

a)



Being small means less noticable since less impacts are coming from a "small country" towards the rest of the world, so any changes towards "small countries" import won't impact Pworld

b) This is an import economy country since Pworld < Pdom which consumer would rather the cheaper imported Pworld than buying from Pdom.

$20 = 100 - Qd$ $\quad$ $P = Qs$

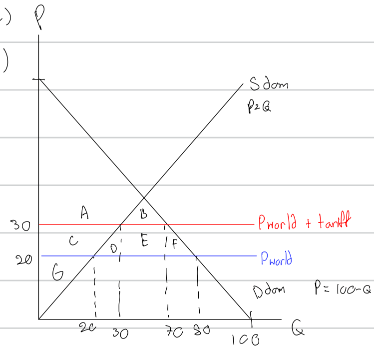
$80 = Qd$ $\quad$ $Qs = 20$

Import $= 80 - 20$

$= 60$ units //

c)

i)



Pdom: $P = 100 - Q$ $\qquad$ $P = Q$

$P = 100 - P$

$2P = 100$

$P = 50$

$Qs = P$ $\quad$ +10\$ $\quad = 20+10$ $\quad = \$30$

$Qd = 30 = 100 - Qs$

$= 70$

$CS = \frac{1}{2} \times 70 \times (100-30)$

$= 2450$ //

$Ps = \frac{1}{2} \times 30 \times 30$

$= 450$ //

ii) Tariff revenue

$E = (70-30) \cdot (30-20)$

$= 400$ //

iii) DWL

$= \frac{1}{2} \cdot (10) \cdot (10) \times 2 = 100$ //