Costs of a large tariff are first order
\[ y = \frac{ax}{b} \]
\[-\frac{p_x}{p_y} d_0\]
Costs of a small tariff are second order
\[-(p_x/p_y)_0\]

\[\text{U}^\text{FT}\]
$U_{\text{small tariff at fixed world prices}}$
Benefits of a small tariff are first order
\[(p_x/p_y)^w\]
\[(p_x/p_y)^w\]

Diagram showing the relationship between \(p_x/p_y\) and \(x\), with points \(E_x^B\), \(M_{x1}^A\), and \(M_{x0}^A\) marked on the graph.
$U(\text{small tariff at fixed world prices})$

$-(p_x/p_y)_0$

$-(p_x/p_y)_0^w$
$U(\text{small tariff at new world prices})$
$U(small\ tariff\ at\ new\ world\ prices)$

$-(p_x/p_y)^w_1$

$-(p_x/p_y)^d_1$