

27. Correct. The answer is false. OPEC's social welfare is $SW_{\text{opec}} = P(Q_x)Q_x + \int_0^{Q_{\text{dom}}} P(Q_{\text{dom}})dQ_{\text{dom}} - TC(Q_{\text{dom}} + Q_x)$. First-order necessary conditions are $dSW/dQ_{\text{dom}} = P(Q_{\text{dom}}) - dTC/dQ_{\text{dom}}$ and $dSW/dQ_x = (dP(Q_x)/dQ_x)Q_x + P(Q_x) - dTC/dQ_x$. These conditions require that marginal revenue equals marginal cost in the export market but price equals marginal cost in the domestic market. Thus, domestic prices should be lower.