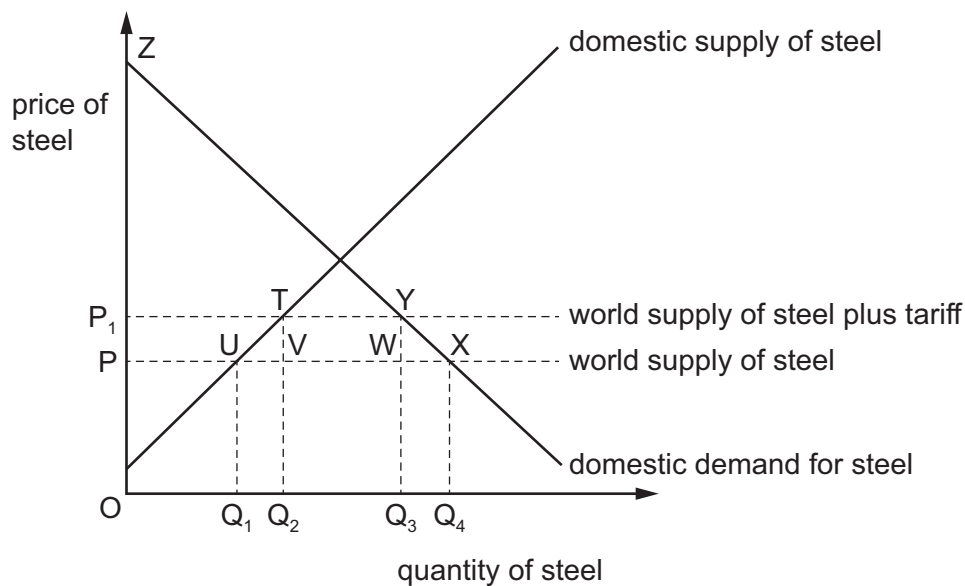


- 27 The diagram shows the effect of the United States (US) imposing a tariff on the import of steel in 2018.



Which statement about the impact of the tariff is correct?

- A Consumer surplus falls from P_1TO to PUO .
 - B Domestic output increases from OQ_1 to OQ_3 .
 - C Imports fall from Q_1Q_4 to Q_2Q_3 .
 - D The tax revenue raised on imports is P_1YWP .
- 28 In 2012, the Indian Government stated that it aimed to reduce its budget deficit to 5.1% of GDP.
- Which policy is most likely to help this aim in the short run?
- A a decrease in import tariffs
 - B a decrease in the rate of interest
 - C an increase in the sale of state-owned assets
 - D an increase in government pension payments
- 29 What would make a policy of raising interest rates **less** likely to be effective in reducing inflation?
- A Aggregate supply is increasing faster than aggregate demand.
 - B Consumers expect prices to rise even faster in the future.
 - C Consumers' spending is largely paid for on credit.
 - D Interest rates are still higher abroad.