22 A sudden rise in the price of imported oil caused the annual rate of inflation in a given period to be higher than expected.

What might be a likely result of this?

A Borrowers would gain.

B Real wages would rise.

C The balance of trade would improve.

D Unemployment would fall.

23 What may increase the benefits a country gains from international trade?

A a reduction in transportation costs because of a fall in world oil prices

B domestic wage rates increase at a faster rate than output per worker

C the domestic labour force becomes more occupationally immobile

D trading partners increase tariffs on imported goods

24 The world trade price of cars in country Y is US$10 000. At this price domestic car producers supply 100 000 cars to the market and domestic consumers purchase 200 000 cars. The government of country Y imposes a 10% tariff on imported cars.

Under which conditions will this tariff raise the most revenue for the government?

	price elasticity of supply of car producers in country Y	price elasticity of demand for cars in country Y
A	+0.5	–0.5
B	+0.5	–1.5
C	+1.5	–0.5
D	+1.5	–1.5

25 A country has a balance of trade deficit.

When will this be **least** likely to be improved as a result of a depreciation of its currency?

A if it is currently operating with a significant amount of unused resources

B if the sum of the price elasticities of demand for exports and imports is less than 1

C if in the long term, the price elasticity of demand for exports should increase

D if the country uses a relatively small proportion of imports in their production process