

- 21** A government decides to increase a quota on an imported good.

What is likely to happen?

- A** The demand for the good will fall.
- B** The good will become more expensive.
- C** The government's revenue will decline.
- D** There will be more of the good imported.

- 22** A Japanese car manufacturer sets up a factory to produce car parts in Malaysia.

How is this likely to affect Malaysia's trade balance and its income balance in the current account of the balance of payments?

	trade balance	income balance
<b>A</b>	improve	improve
<b>B</b>	improve	worsen
<b>C</b>	worsen	improve
<b>D</b>	worsen	worsen

- 23** The weighting given to food in the construction of the United Kingdom's Retail Price Index fell from 16.7% in 1987 to 11.8% in 2011.

What would help to explain this?

- A** The average price of food decreased by 4.9% points between 1987 and 2011.
- B** The demand for food is price inelastic.
- C** The income elasticity of the demand for food is less than one.
- D** There was an increase in the relative price of food over the period.