

**26** The statements that follow relate to possible gains from an increase in free trade.

Which gain is **least** certain to result in the short run?

- A** a reduction in costs of production
- B** a rise in the number of jobs
- C** a wider choice of goods available to consumers
- D** an increase in the level of competition

**27** In an economy with an interest rate of 4% per annum, the rate of inflation falls from 5% to 3% per annum.

What will be a benefit of this fall?

- A** Menu costs will fall to zero.
- B** People on fixed incomes will be better off in real terms.
- C** Savers will gain in real terms.
- D** The purchasing power of the currency will rise.

**28** Which combination correctly classifies an expansionary fiscal measure and its impact on a budget deficit?

	fiscal policy	budget deficit
<b>A</b>	increased quantitative easing	unchanged
<b>B</b>	increased welfare spending	increased
<b>C</b>	lower income tax	reduced
<b>D</b>	lower interest rates	unchanged

**29** In 2018 the United States (US) government introduced tariffs on a wide range of imports from China.

Which type of policy was the US government adopting?

- A** expenditure-reducing
- B** expenditure-switching
- C** monetary
- D** supply-side