26 The US President signed a trade agreement which allowed more duty-free access to the US market for Latin American and Caribbean countries.

Who might benefit in the short run from this agreement?

A Caribbean countries, because they may export to Latin America.

B Latin American businesses, because they may be able to sell more in the US.

C Latin American governments, because they will not have to pay so much duty.

D The US, because it may export more to Latin America.

27 Which statement is **not** a valid reason why a country may impose protectionist measures?

A to allow a newly developed domestic industry to grow to a viable size

B to enable a country to retain control of an industry it regards as being of strategic importance

C to give consumers a wider choice of goods and services

D to give time for workers in a declining domestic industry to find alternative employment

28 A government wants to operate a tighter monetary policy.

What would it increase?

A budget surplus

B interest rate

C money supply

D rates of taxation

29 A country has a large current account deficit. Its government decides to devalue its currency.

In which circumstance would such a measure reduce the deficit?

	price elasticity of demand for exports	price elasticity of demand for imports
A	0.0	0.0
B	0.0	0.5
C	0.5	0.5
D	0.5	1.0