28 Assuming that the supply of exports and imports are perfectly elastic, at which combination of elasticities of demand for imports and exports would a 10 % fall in the value of a currency lead to a worsening of the trade account of a country's balance of payments?

	elasticity of demand for exports	elasticity of demand for imports
A	0.5	0.25
B	0.5	0.5
C	1.0	0.75
D	1.0	1.0

29 The price of a good traded internationally increases.

Who would be disadvantaged the most?

A high income countries that pursue a policy of self sufficiency

B high income countries with a balance of payments surplus that export the good

C low income countries dependent on importing the good

D low income countries with alternative suppliers of the good

30 A country has a deficit on the current account of its balance of payments.

What might help the country to reduce its deficit?

A a decrease in its rate of income tax

B a decrease in its tariffs

C an increase in its level of employment

D an increase in its subsidies to exporters