

26 Which action increases and which action decreases the level of protectionism?

	increases protectionism	decreases protectionism
A	imposing an embargo	reducing subsidies to domestic producers
B	imposing exchange controls	lowering quota levels
C	introducing voluntary export agreements	increasing subsidies to domestic producers
D	removing quotas	introducing embargos

27 Country M imposes a tariff on imports of steel.

Which price elasticity values will result in the smallest reduction in steel imports into M?

	price elasticity of supply of domestic steel producers in country M	price elasticity of demand for steel in country M
A	0.2	0.4
B	1.0	0.8
C	1.5	1.0
D	2.0	1.2

28 In 2012, the Indian Government stated that it aimed to reduce its budget deficit to 5.1% of GDP.

Which policy is most likely to help this aim?

- A** a decrease in import tariffs
- B** a decrease in the rate of interest
- C** an increase in the sale of state-owned assets
- D** an increase in government pension payments

29 Which policy is most likely to help to correct an adverse balance on the current account of the balance of payments?

- A** abolishing tariffs
- B** devaluing the currency
- C** reducing direct taxes
- D** reducing indirect taxes