

- 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
<b>A</b>	0.0	0.0
<b>B</b>	0.0	0.5
<b>C</b>	0.5	0.5
<b>D</b>	0.5	1.0