

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

	increases protectionism	decreases protectionism
<b>A</b>	imposing an embargo	reducing subsidies to domestic producers
<b>B</b>	imposing exchange controls	lowering quota levels
<b>C</b>	introducing voluntary export agreements	increasing subsidies to domestic producers
<b>D</b>	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
<b>A</b>	0.2	0.4
<b>B</b>	1.0	0.8
<b>C</b>	1.5	1.0
<b>D</b>	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