23 A country operates a fixed exchange rate system.

What will put pressure on the country to devalue its currency?

A a decrease in the country's inflation rate relative to the inflation rates of other countries

B a decrease in the tariffs on its products imposed by other countries

C an increase in its current account balance of payments deficit with other countries

D an increase in the country's interest rate relative to the interest rates of other countries

24 The table gives different combinations of possible values for a country's price elasticity of demand for exports and price elasticity of demand for its imports.

Following the devaluation of the country's currency, under which combination of elasticities would the country's balance of payments on the current account worsen?

	price elasticity of demand for exports	price elasticity of demand for imports
A	0.3	0.3
B	0.2	0.9
C	0.6	0.5
D	1.2	1.2

25 A small country imposes no tariffs and has a perfectly elastic supply of smartphones from the rest of the world.

Which statement is correct after the imposition of a tariff?

A The domestic demand for smartphones will rise.

B The domestic price of smartphones will rise.

C The government will lose tax revenue.

D The supply of imports will increase.

26 In a recent year, Japanese car manufacturers agreed to limit exports of cars to the USA.

Which form of protectionism is this?

A an embargo

B an export subsidy

C a quota

D voluntary export restraint