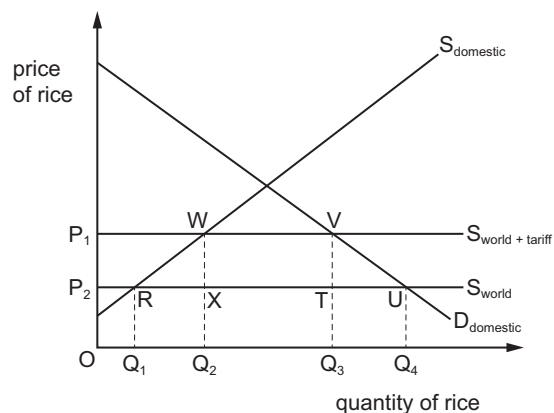


30 The diagram shows the effect of a government removing the tariff on imports of rice into its country.



How would the removal of this tariff affect the consumer surplus and the government's revenue?

	consumer surplus	government revenue
A	increases by VUT	decreases by WVTX
B	increases by VUT	decreases by WVQ ₃ Q ₂
C	increases by P ₁ VUP ₂	decreases by WVTX
D	increases by P ₁ VUP ₂	decreases by WVQ ₃ Q ₂

3 A government wants to move its economy away from central planning towards a market economy.

Which policy would be consistent with this aim?

- A** introduce tariffs on imported goods
- B** privatise the ownership of electricity generation
- C** provide free education for primary school pupils
- D** reduce prices of foods such as wheat and rice

23 What is an example of a supply-side policy?

- A** an import quota to restrict the supply of goods
- B** a rise in interest rates to encourage the supply of savings
- C** a specific tax on the supply of goods to raise revenue
- D** a subsidy to businesses to promote the supply of training courses

26 For which government measure would both the outcomes shown be likely to benefit its economy?

	government measure	outcome 1	outcome 2
A	embargoes	protect against import of harmful materials	encourage illegal trade and corruption
B	export subsidies	give home producers a cost advantage	are a drain on government expenditure
C	import quotas	restrict volume of expensive imports	reduce balance of payments deficit
D	tariffs	protect some jobs by raising import prices	cause unemployment due to rising costs of imported raw materials

- 5 (a) Explain **two** tools of protection used by a country when trading internationally **and** consider whether one is likely to have more of an impact on the country's economy than the other. [8]
- (b) Assess whether all consumers, all producers and the government in a country will benefit equally from protectionism. [12]

21 What is **not** an example of monetary policy?

- A** a rise in import tariffs on manufactured goods
- B** a rise in interest rates by the central bank
- C** a rise in credit regulations
- D** a rise in the money supply

27 Which statement correctly describes a tariff?

- A** It is a complete ban on imports.
- B** It is a minimum price for domestic producers.
- C** It is a payment to exporters.
- D** It is a tax imposed on imports.

26 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

29 A small trading country decides on a policy of import substitution by producing more goods and services itself rather than purchasing them from other countries.

What is the most likely reason for this policy?

- A** to follow the principle of absolute advantage
- B** to influence world prices in international markets
- C** to protect local industries from foreign competition
- D** to substitute imported technology for local labour