MOCK EXAM QUESTIONS

1. If, as a result of sanctions imposed against Greece by a large country, there is decreased demand for a product exported by Greece under perfectly competitive conditions, the following changes in Greek CS and PS <u>are possible</u>:

(a) CS will fall by **€4**00, and PS will rise by **€3**00.
(b) CS will fall by **€5**00, and PS will rise by **€6**00.
(c) CS will rise by **€5**00, and PS will fall by **€4**00.
(d) CS will rise by **€4**00, and PS will fall by **€3**00.
(e) none of the above

2. If a tariff is imposed by a <u>small</u> country under perfectly competitive conditions, the following changes in the country's CS, PS, and TR <u>are possible</u>:

(a) CS will fall by €500, PS will rise by €600, and TR will rise by €200.
(b) CS will fall by €500, PS will rise by €400, and TR will rise by €200.
(c) CS will fall by €500, PS will rise by €300, and TR will rise by €100.
(d) CS will fall by €400, PS will rise by €300, and TR will rise by €100.
(e) none of the above

3. If the US (a large country) subsidizes its exports of a good which Greece also exports to third countries, then the following changes in Greece's CS and PS <u>will be observed:</u>

(a) both PS and CS will rise
(b) both PS and CS will fall
(c) PS will rise and CS will fall
(d) PS will fall and CS will rise
(e) none of the above

4. If, under perfectly competitive conditions, China (a large country) imposes a tariff on its imports of olive oil – a good which is exported by Greece, then the following changes in Greece's CS and PS <u>are possible</u>:

(a) CS will fall by €500, and PS will rise by €600.
(b) CS will fall by €400, and PS will rise by €300.
(c) CS will rise by €500, and PS will fall by €600.
(d) CS will rise by €400, and PS will fall by €300.
(e) none of the above

5. If Malta (a small country) subsidizes its exports of a good which Greece also exports, then the following changes in Greece's CS and PS <u>will be observed:</u>

(a) both PS and CS will rise
(b) both PS and CS will fall
(c) PS will rise and CS will fall
(d) PS will fall and CS will rise
(e) none of the above