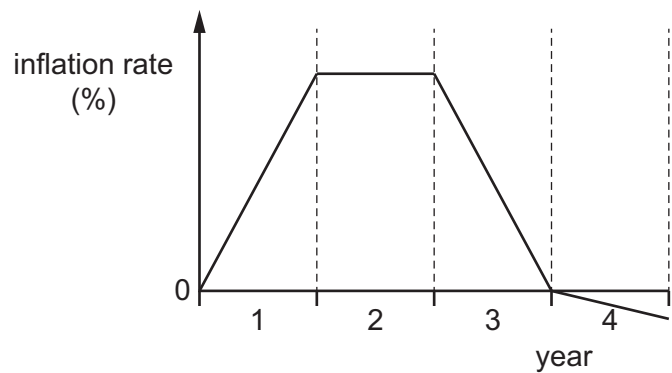


21 The diagram shows the change in an economy’s rate of inflation over 4 years.



What happened to the general price level over the 4 years?

	year 1	year 2	year 3	year 4
A	constant	constant	fell	constant
B	rose	constant	fell	fell
C	rose	rose	rose	constant
D	rose	rose	rose	fell

22 The table shows selected items of the balance of payments of a country in 2015.

	\$ billions
net portfolio investment	+40
trade in goods	−100
trade in services	+50
interest, profit and dividends (primary income)	+10
current transfers (secondary income)	+10
transactions in financial assets	−10

What was the country’s current account balance in 2015?

- A −\$40 billion B −\$30 billion C −\$20 billion D −\$10 billion

23 What is likely to explain an increase in the deficit on a country’s current account of the balance of payments?

- A an increase in government foreign aid to countries abroad
B an increase in government tax rates
C an increase in other countries’ exchange rates
D an increase in the proportion of income saved by the country’s residents