21 A country replaces a floating exchange rate system with a managed floating exchange rate system.

Which statement is correct?

A Its central bank would have to intervene more frequently in the foreign exchange market.

B Its central bank would need to hold fewer foreign currency reserves.

C The value of its currency would be determined by its major trading partners.

D The value of its currency would be determined by the value of the US dollar.

22 What will be the immediate effect of a devaluation of an economy's foreign exchange rate?

A The price of imported goods in the domestic currency will fall.

B The price of imported goods in the domestic currency will rise.

C The price of imported goods in the foreign currency will fall.

D The price of imported goods in the foreign currency will rise.

23 A country has a deficit on the current account of its balance of payments.

What might help the country to reduce its deficit?

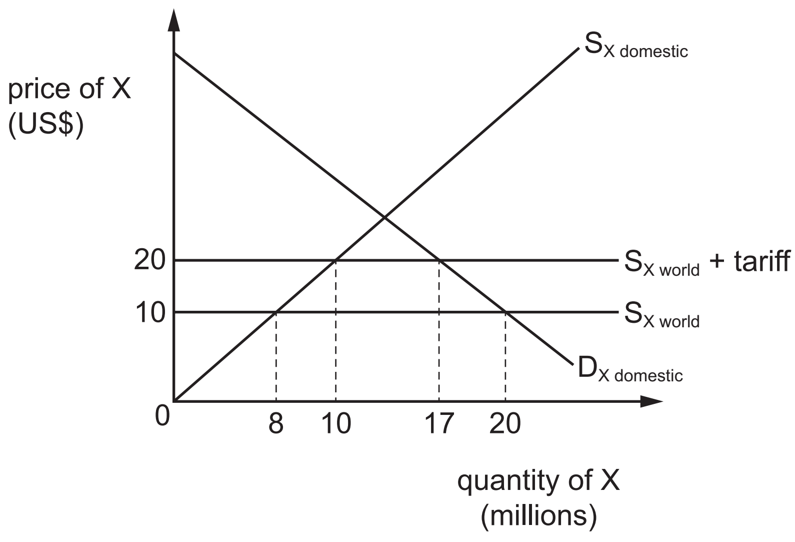
A a decrease in its rate of income tax

B a decrease in its tariffs

C an increase in its level of employment

D an increase in its subsidies to exporters

24 The diagram shows the effect of removing a tariff on imports of good X into country Y.



What is the volume, in million units, of the **extra** international trade created by removing the tariff?

A 3 **B** 5 **C** 10 **D** 12