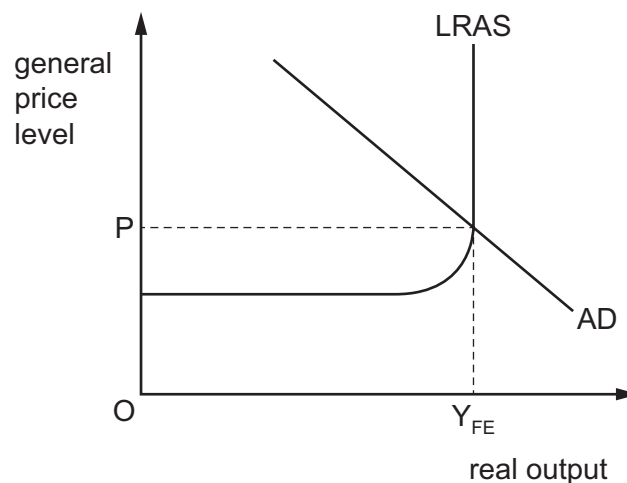


- 22 Which argument is an importer **most** likely to use to gain the support of consumers for free trade?
- A More imports allow the government to raise revenue from tariffs.
  - B More imports improve the country's terms of trade.
  - C More imports increase competition in the domestic economy.
  - D More imports raise total employment in the domestic economy.

- 23 According to US Consumer Prices Index (CPI) statistics, an identical good that cost \$100 in 1913 would cost \$2359.60 in 2013.

What was the approximate cumulative rate of inflation over the period?

- A 23%
  - B 230%
  - C 2300%
  - D 23 000%
- 24 The diagram shows an economy at full employment equilibrium.



Which short-run measures should the government take to maintain the economy's current equilibrium if there is an unexpected balance of trade surplus?

- A higher government spending on education financed by an equal rise in direct taxation
  - B higher direct taxation with government spending unchanged to create a budget surplus
  - C higher spending on infrastructure financed by a budget deficit
  - D lower interest rates to promote investment spending in the private sector
- 25 Why does the value of a country's terms of trade have no monetary units?
- A It cannot be calculated accurately enough.
  - B It includes more than one currency.
  - C It is a ratio of two index numbers.
  - D It measures change over time.