

- 22** The table shows how much rice and wheat two countries, X and Y, can grow when each country divides its resources equally between growing rice and wheat.

|               | country X | country Y |
|---------------|-----------|-----------|
| rice (units)  | 900 m     | 100 m     |
| wheat (units) | 300 m     | 50 m      |

Assume that each country now specialises according to comparative advantage and trades with the other country.

Which terms of trade would benefit both countries?

- A** 1 wheat = 5 rice
  - B** 1 wheat = 3 rice
  - C** 1 wheat = 2.5 rice
  - D** 1 wheat = 2 rice
- 23** What must fall when the rate of unemployment rises?
- A** the effectiveness of the use of resources
  - B** the level of labour productivity
  - C** the number of workers in employment
  - D** the size of the labour force
- 24** The table shows the percentage price changes in some items in the UK Consumer Price Index (CPI) in the year to 1 June 2006.

| item                       | % change in price |
|----------------------------|-------------------|
| rents, electricity and gas | 9.0               |
| education                  | 4.7               |
| transport                  | 4.0               |
| restaurants and hotels     | 3.2               |
| health services            | 2.9               |

The increase in the overall CPI over the same period was 2.5 %.

What can be concluded from the data above?

- A** The CPI is not an accurate measure of inflation.
- B** Some prices must have fallen.
- C** The average price increase of other items was less than 2.5 %.
- D** The real value of money rose by more than 2.5 %.