

24 A country's currency has depreciated against all the currencies of its main trading partners.

How will the depreciation affect its terms of trade?

- A** The terms of trade will improve.
- B** The terms of trade will not change.
- C** The terms of trade will worsen.
- D** The terms of trade will worsen only if the depreciation causes inflation.

25 A country with a floating exchange rate experiences a large surplus on the current account of its balance of payments.

What is likely to decrease as a consequence?

- A** the exports of capital from the country
- B** the level of employment in the country
- C** the prices of imports into the country
- D** the value of the country's currency

26 Which measure is aimed directly at promoting international trade?

- A** decreasing existing quotas
- B** increasing interest rates
- C** subsidies paid to export industries
- D** wage subsidy schemes during recessions

27 What would be classified as a supply-side policy measure?

- A** a law to reduce the power of trade unions
- B** a reduction in the government's fiscal deficit
- C** an open market sale of securities
- D** the imposition of a tariff on imported goods

28 What is the equivalent of a country's national debt?

- A** the accumulated borrowing of the government
- B** the difference between government spending and taxation
- C** the interest paid by the government on all the money it owes
- D** the total money owed by all households in the country