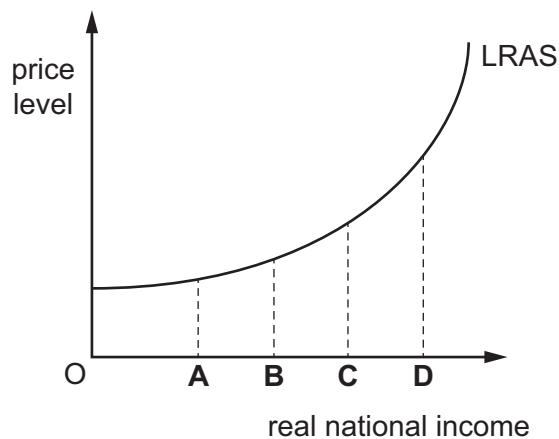


- 20 The diagram shows the long-run aggregate supply (LRAS) curve of an economy.

At which equilibrium level of national income is a balance of trade surplus likely to cause the greatest inflationary increase for the economy?

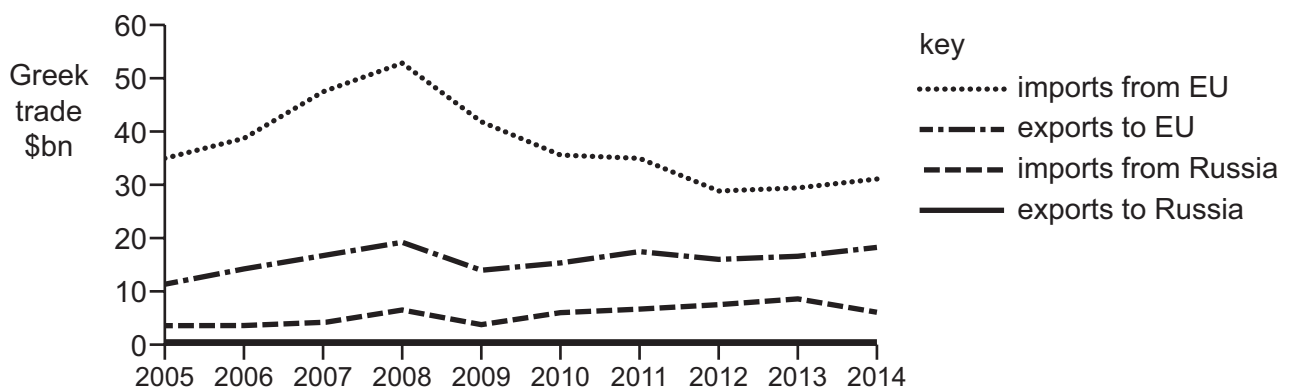


- 21 A government succeeds in changing a current account deficit into a current account surplus.

Why might this current account surplus increase the country's inflation rate?

- A It raises aggregate demand.
- B It raises production costs.
- C It reduces the exchange rate.
- D It reduces the money supply.

- 22 The diagram shows Greece's trade position with the EU and Russia between 2005 and 2014.



What can be concluded about the period 2005 to 2014?

- A Greece's annual trade deficit with the EU rose continuously.
- B Greece's annual trade deficit with the EU was lower in 2014 than in 2005.
- C Greece's annual trade deficit with the EU fell continuously.
- D Greece's annual trade deficit with the EU was smaller than its deficit with Russia.