

- 21** 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
- 22** 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
- 23** 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 %.