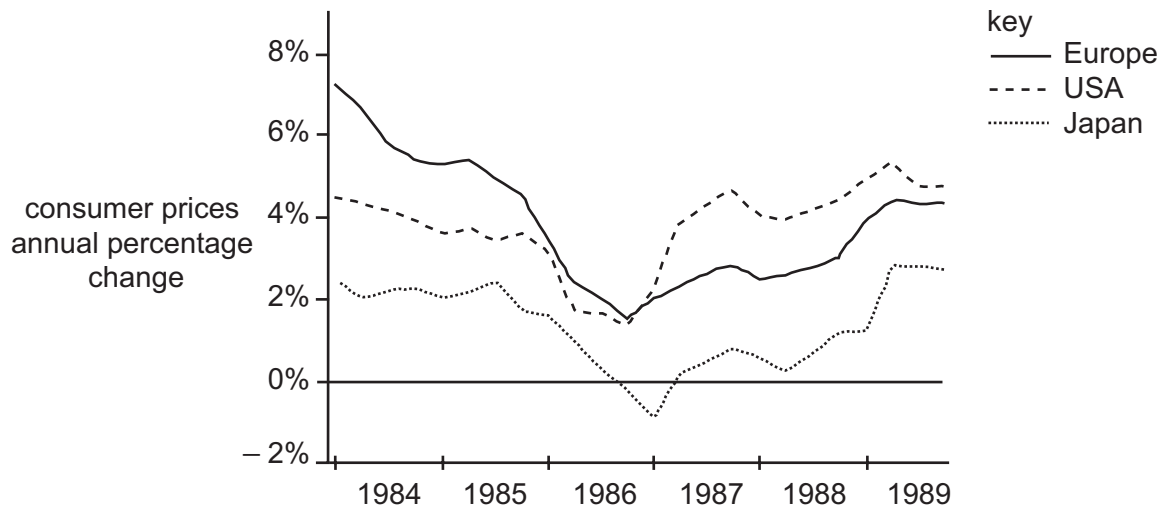


- 26** The diagram shows the annual percentage changes in consumer prices for Europe, Japan and the USA between 1984 and 1989.



Which of the following statements is correct?

- A** In 1986 consumer prices were falling in Japan, the USA and Europe.
- B** In the period 1984-1987 consumer prices fell more quickly in Europe than in the USA.
- C** In the period 1987-1989 the USA had the highest consumer prices.
- D** In the period 1984-1989 Japan had the lowest consumer price inflation.
- 27** What is the likely effect on the volume of exports and imports if a country on a fixed exchange rate experiences a higher rate of inflation than its trading partners?

	exports	imports
<b>A</b>	increase	decrease
<b>B</b>	decrease	increase
<b>C</b>	increase	increase
<b>D</b>	decrease	decrease