

18 Government spending for a year includes these items.

	\$m
pensions for elderly people	200
welfare payments to sick people	200
spending on hospitals	150
payment to unemployed workers	100
defence spending	100
teachers' salaries	50

What is the total of transfer payments by this government in \$m?

- A** 50                      **B** 500                      **C** 750                      **D** 800

19 What would be certain to cause a fall in a country's cost of living?

- A** a fall in real incomes  
**B** a fall in the inflation rate  
**C** a negative inflation rate  
**D** a reduction in direct tax rates

20 What is **not** an aim of protectionism?

- A** to improve balance of trade  
**B** to increase price of exports  
**C** to protect infant industries  
**D** to reduce the volume of imports

21 A country with a fixed exchange rate experiences a higher rate of inflation than its trading partners.

What is the likely effect on the country's volume of exports and imports?

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