

21 Which effect of inflation is described as redistributive?

- A the improvement in the terms of trade
- B the increased reluctance of people to hold money
- C the inconvenience of frequently changing prices
- D the loss of purchasing power of people on fixed incomes

22 In which situation will a country's terms of trade worsen?

- A The prices of its imports rise by more than the prices of its exports.
- B The total value of external payments rises by more than the total value of external receipts.
- C The value of its imports rises by more than the value of its exports.
- D The volume of its imports rises by more than the volume of its exports.

23 Industrialised countries X and Y trade with each other. Country X imposes a general tariff of 20% on imports from country Y.

In which circumstances would the imposition of the tariff be **unfavourable** to country X?

- A if country X is seeking to protect its infant industries
- B if country X lacks the capacity to produce import substitutes
- C if imports from country Y have been dumped in country X
- D if imports of manufactured goods from country Y are price elastic