

25 A country experienced an annual inflation rate of 4 % for three successive years.

Which statement is correct for the three-year period?

- A** The price level rose by 12 %.
- B** The price level rose by more than 12 %.
- C** The real value of money rose by 12 %.
- D** The real value of money rose by more than 12 %.

26 What would be likely to decrease inflation in an economy?

- A** an increase in consumer spending
- B** an increase in employment
- C** an increase in labour productivity
- D** an increase in taxes on imports

27 A UK resident buys shares in a Spanish company.

What will be the immediate and subsequent effects on the UK's balance of payments?

	immediate effect on financial account	subsequent effect on current account
A	credit	credit
B	credit	debit
C	debit	credit
D	debit	debit