

21 What is a characteristic of a customs union but is **not** of a free trade area?

- A** abolition of import quotas
- B** abolition of tariffs between member countries
- C** a common currency
- D** a common external tariff

22 Since 2000 a country's export prices have increased on average by 50% and its import prices by 25%.

What is the current figure for the country's terms of trade (2000 = 100)?

- A** 75 **B** 83 **C** 120 **D** 125

23 The table gives details of the unemployment rates and expenditure on unemployment benefits for the United Kingdom in 2007 and 2009.

	unemployment rate (%)	expenditure on unemployment benefits as % of GDP
2007	2.7	1.6
2009	4.7	3.4

What can definitely be concluded from the table?

- A** More of the workforce was unemployed in 2009 than in 2007.
- B** The number of workers in employment was higher in 2007 than in 2009.
- C** Unemployment benefits were more generous in 2009 than in 2007.
- D** Unemployment increased faster than expenditure on unemployment benefits.

24 The exchange rate of the Mexican peso against the US\$ changed from 10 pesos = 1 US\$ to 9 pesos = 1 US\$. During the same period, the general price level in Mexico fell by 10% while the US price level remained unchanged.

What happened to the nominal and real exchange rate of the peso against the US\$?

	nominal peso exchange rate	real peso exchange rate
A	appreciated	appreciated
B	appreciated	unchanged
C	depreciated	depreciated
D	depreciated	unchanged