

**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