20 Why would a government introduce tariffs and quotas?

A to increase the level of international competition

B to increase the demand for home-produced goods

C to reduce the price of home-produced goods

D to reduce the price of imports

21 In some parts of the world economic unions have been established. These have introduced a common currency.

What could be an economic disadvantage of introducing such a common currency?

A Absolute and comparative cost advantages would disappear as a basis for trade.

B Devaluation of a member's currency would no longer be possible.

C Prices of goods and services would be the same over the whole union.

D Trade creation would take place.

22 The 'terms of trade' of a country refers to

A the system of tariff rates levied by the government of the country.

B the relationship between average import prices and average export prices.

C the rate at which domestic currency can be sold in foreign exchange markets.

D the difference between the value of exports and the value of imports.