

- 22** A firm borrows money from a bank based abroad in order to pay a lower rate of interest than that available from banks in its own country.

Which two parts of the balance of payments accounts will be affected by this transaction?

- A** capital account and currency reserves
  - B** capital account and trade in services
  - C** financial account and net income flows
  - D** financial account and net current transfers
- 23** Which change would directly reduce the size of a country's labour force?
- A** Some employees are made redundant.
  - B** Some employees change to self-employment.
  - C** Some employees retire early.
  - D** Some employees switch from full-time to part-time employment.
- 24** The figures show the Consumer Price Index (CPI) of a country. (1990 = 100)

|      | CPI |
|------|-----|
| 2007 | 200 |
| 2008 | 204 |
| 2009 | 206 |
| 2010 | 209 |

What can be deduced from the data?

- A** There was hyperinflation between 1990 and 2007.
  - B** The rate of inflation rose in 2009.
  - C** The rate of inflation in 2008 was 4 %.
  - D** The country experienced inflation in each year from 2008 to 2010.
- 25** A country experienced a significant fall in unemployment but its inflation rate remained low.

What could explain this?

- A** Global competition prevented firms passing on higher costs.
- B** Increased spending on imports had lowered the exchange rate.
- C** There was a low level of spare capacity in the economy.
- D** Wage rates had increased by more than labour productivity.