

20 What will cause an improvement in a country's terms of trade?

- A** a fall in incomes abroad
- B** a fall in its exchange rate
- C** a rise in its inflation rate
- D** a rise in the price of its imports

21 The table shows the balances for four items in a country's current account on the balance of payments for two years.

	visible	invisible	income	current transfers
year 1	-72	84	12	-24
year 2	-87	46	-3	-4

What can be concluded about the changes between year 1 and year 2?

- A** The current account balance has moved into deficit.
- B** The difference between the value of exported and imported services has increased.
- C** The earnings from ownership of foreign assets have increased.
- D** The value of exported goods has fallen.

22 What could lead to an increase in the size of a country's labour force?

- A** a decrease in unemployment
- B** a decrease in the retirement age
- C** an increase in the participation rate
- D** an increase in the school-leaving age

23 What may cause cost-push inflation?

- A** an appreciation of the exchange rate
- B** a higher level of consumption
- C** an increase in labour productivity
- D** an increase in trade union power