27 What occurs in a monetary union?

A Countries have the same currency.

B Countries use the same fiscal policy.

C Countries have the same domestic rates of sales tax.

D The government budget in each country is balanced.

28 What is the main role of the World Bank?

A to ensure that exchange rate systems are working efficiently

B to help countries enter international markets where trade barriers exist

C to offer short-term assistance to countries with balance of payments problems

D to provide low-interest loans to developing countries for infrastructure projects

A-Level Economics: **w25 32**

25 What is a trade-weighted exchange rate?

A the price of one currency against a basket of other currencies

B the price of one currency in terms of another

C the price of one currency in terms of its real purchasing power

D the price of one currency being determined by state intervention

27 What is a protectionist policy a government may use to reduce the deficit on the balance of payments of the current account?

A revaluation of the exchange rate

B increase in the rate of income tax

C increase in the rate of interest

D introduction of import quotas