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Question 27 (Answer: **A**)

- A monetary union means member countries share a single currency and a single monetary policy.
- So interest rates are set centrally for all of them.
- Fiscal policy and sales tax rates remain national, which is why members can diverge.

Question 28 (Answer: **D**)

- The World Bank lends for long-term development projects in poorer countries.
- The IMF is the body concerned with exchange rates and short-term balance of payments support.
- The WTO handles trade barriers, so those are not the World Bank's role.

Question 30 (Answer: **C**)

- Sharing a currency with a stronger economy means Greece cannot devalue to restore competitiveness.
- Its exports stay expensive, so the current account deficit persists.
- The only remaining route is internal devaluation – cutting domestic costs and wages.

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Question 25 (Answer: **A**)

- A trade-weighted rate averages a currency against several others.
- Each is weighted by how important that trading partner is.
- So it measures the currency against a *basket*, not against a single other currency.

Question 27 (Answer: **D**)

- Protectionism restricts imports directly.
- So tariffs, quotas, embargoes and subsidies to domestic producers all count.
- Revaluing the exchange rate would make imports *cheaper*, which works the wrong way.

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Question 20 (Answer: **C**)

- Inflation is reduced in the long run by expanding productive capacity.
- Supply-side policy does exactly that, so higher demand no longer bids up prices.
- Monetary and fiscal policy work on demand, which is a shorter-run remedy.

Question 25 (Answer: **C**)

- Lowering the official value of a currency within a fixed or managed system is a devaluation.
- Depreciation is the same movement but under a *floating* rate, driven by the market.
- So a deliberate official reduction is a devaluation.