

- 5 (a) Explain what is meant by a deficit on the current account of an economy's balance of payments **and** consider whether a high rate of inflation will always lead to a deficit on the current account of an economy's balance of payments. [8]
- (b) Assess whether a high rate of inflation or a deficit on the current account of the balance of payments is the more serious problem for an economy. [12]

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Copyright Acknowledgements:

Question 1

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Question 1

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