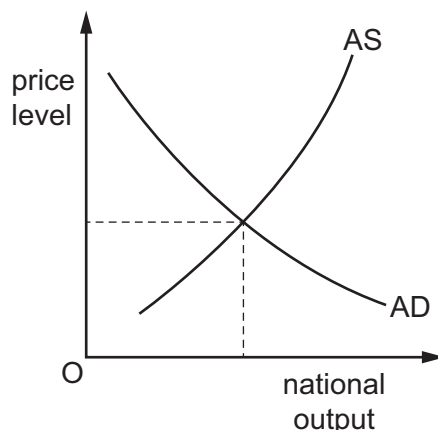


**23** What is a likely consequence of inflation?

- A** Fixed-income earners gain more than those whose income is gained from the ownership of property.
- B** Real wages rise more than money wages.
- C** The assets of creditors decrease in value at the expense of those of debtors.
- D** The domestic purchasing power of money increases.

**24** The diagram shows an aggregate demand (AD) and an aggregate supply (AS) curve.



There is a sustained rise in the prices of imported raw materials on which the economy depends.

Assuming AD remains independent of AS, what are the most likely effects on the economy?

	AS	price level
<b>A</b>	decreases	falls
<b>B</b>	increases	falls
<b>C</b>	decreases	rises
<b>D</b>	increases	rises

**25** The currency of country X has a floating exchange rate against other currencies.

Under which circumstances will the value of country X's currency fluctuate the most against other currencies on the foreign exchange market?

	price elasticity of demand for the currency of country X	price elasticity of supply for the currency of country X
<b>A</b>	elastic	elastic
<b>B</b>	inelastic	elastic
<b>C</b>	elastic	inelastic
<b>D</b>	inelastic	inelastic