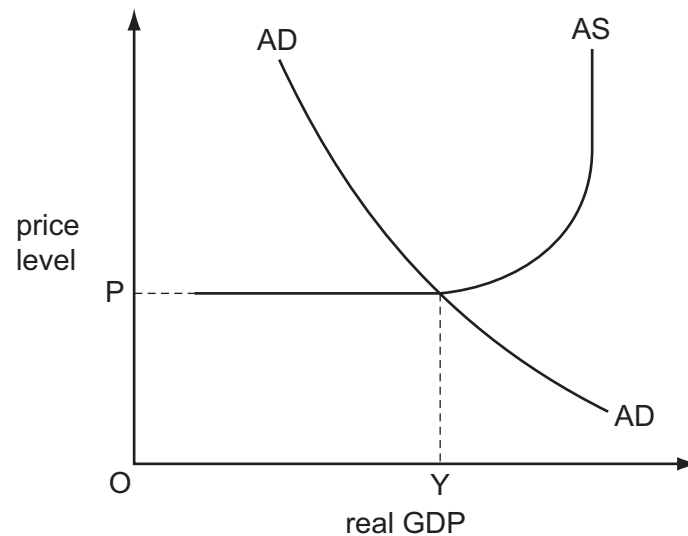


**24** The diagram shows the output of an economy.



What would be the effect of a decrease in net exports?

	aggregate supply	price level	real GDP
<b>A</b>	shift	decrease	unchanged
<b>B</b>	shift	unchanged	decrease
<b>C</b>	unchanged	increase	unchanged
<b>D</b>	unchanged	unchanged	decrease

**25** A country experienced an annual inflation rate of 2% for four successive years.

Which statement is correct for the four-year period?

- A** The price level rose by 8%.
- B** The price level rose by more than 8%.
- C** The real value of money rose by 8%.
- D** The real value of money rose by more than 8%.

**26** In 2010 it was reported that there were concerns when a government kept interest rates very low despite a threat of inflation.

Why might the government's policy have caused concern at this time?

- A** Low interest rates encourage increased consumer spending.
- B** Low interest rates lead to increased spending on capital equipment.
- C** Low interest rates mean imports will increase.
- D** Low interest rates will cause an increase in the exchange rate.