

- 28** An increase or decrease in exchange rates can take place in both a floating and a fixed exchange rate system but different terminology is used for each system.

What is the correct terminology?

	decrease in floating	increase in fixed
<b>A</b>	depreciation	appreciation
<b>B</b>	depreciation	revaluation
<b>C</b>	devaluation	appreciation
<b>D</b>	devaluation	revaluation

- 29** In 2018 the United States (US) government reduced direct taxes on consumers and businesses.

What are likely to be the effects of these changes on consumption, investment and national output?

	consumption	investment	national output
<b>A</b>	decrease	decrease	decrease
<b>B</b>	decrease	increase	increase
<b>C</b>	increase	decrease	decrease
<b>D</b>	increase	increase	increase

- 30** A country experienced a significant fall in unemployment but its inflation rate remained low.

What could explain this?

- A** Global competition prevented firms passing on higher costs.
- B** Increased spending on imports had lowered the exchange rate.
- C** There was a low level of spare capacity in the economy.
- D** Wage rates had increased by more than labour productivity.