

- 24 What is a certain outcome on an aggregate demand and aggregate supply diagram of an increase in factor productivity?
- A downward shift of the aggregate demand curve
 - B downward shift of the aggregate supply curve
 - C an upward shift of the aggregate demand curve
 - D an upward shift of the aggregate supply curve
- 25 Trade in services is a component of the current account of the balance of payments.
- What is an example of a trade in services?
- A development aid for foreign countries
 - B export revenue from primary commodities
 - C income from foreign tourists
 - D income from overseas investments
- 26 Which statement about changing price levels is correct?
- A Anyone on a fixed income has rising real income during deflation.
 - B Government revenue from indirect taxes falls during inflation.
 - C Producers prefer deflation to inflation.
 - D Savers prefer index-linked savings when there is deflation rather than inflation.
- 27 What would be likely to decrease inflation in an economy?
- A a decrease in consumer saving
 - B a decrease in unemployment
 - C an increase in labour productivity
 - D an increase in taxes on imports
- 28 Which change in economic circumstances is **most** likely to lead to a reduction in the rate of domestic inflation in an economy?
- A a depreciation in the currency
 - B a reduction in the productivity of labour
 - C a worldwide recession
 - D an increase in direct taxes to finance increased welfare payments