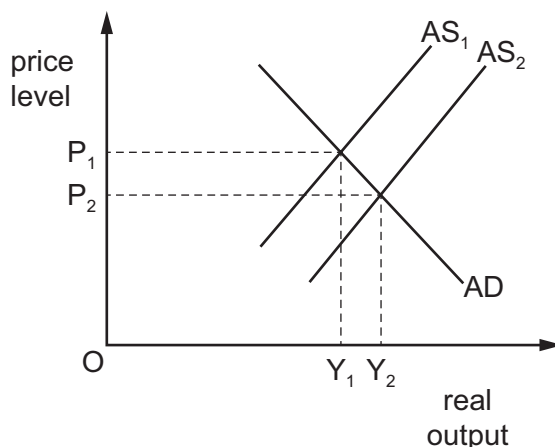


- 23** The diagram shows aggregate demand (AD) and aggregate supply (AS) for an economy.



What is most likely to cause the shift from AS₁ to AS₂?

- A** a decrease in the exchange rate
 - B** a decrease in the price level
 - C** a fall in immigration
 - D** a fall in the average level of wages
- 24** Country X places a tariff of 20% on steel products imported from country Y. Country Y retaliates with a 20% tariff on computers imported from country X.

What is a certain economic consequence of these actions?

- A** The balance of payments of country X and country Y will remain unchanged.
 - B** The exchange rate value on which trade between the two countries is based will be maintained.
 - C** The profits and employment of domestic firms in both countries will be preserved.
 - D** The volume of bilateral trade between country X and country Y will be reduced.
- 25** A country has a floating exchange rate.

An increase in which variable within that country can cause its exchange rate to appreciate?

- A** employment levels
- B** income levels
- C** interest rates
- D** price levels