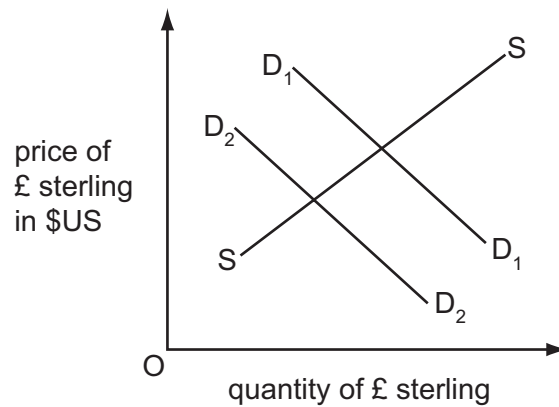


- 29** In the diagram, curves D_1D_1 and SS relate to the demand for and supply of £ sterling in the foreign exchange market.



What may cause the demand curve to shift from D_1D_1 to D_2D_2 ?

- A** an increase in UK interest rates
 - B** an increase in the price of US goods sold in the UK
 - C** the removal of UK tariffs against US goods
 - D** the development of US substitutes for UK goods
- 30** What is an example of an expenditure-dampening policy?
- A** an increase in income tax rates
 - B** an increase in the level of import tariffs
 - C** an upward revaluation of the exchange rate
 - D** the introduction of import quotas