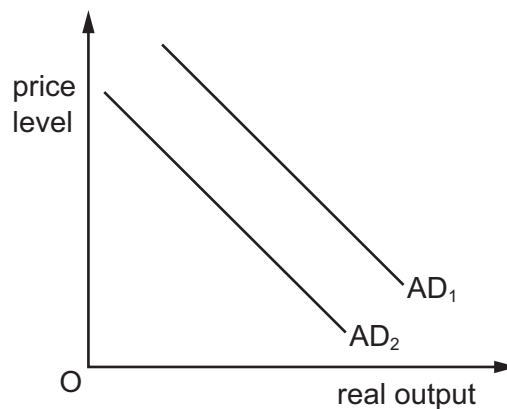


- 21** An economy has an unemployment rate of 8%, an increase of 2% from the previous year. At the same time, the current account deficit rose from 3% of GDP to 4% of GDP.

What would be most likely to reduce both unemployment and the current account deficit?

- A** decrease government spending
- B** depreciation of the currency
- C** increase indirect taxation
- D** increase interest rates

- 22** The diagram shows aggregate demand (AD) curves for an economy.



Which combination is most likely to have caused the shift from  $AD_1$  to  $AD_2$ ?

	income tax	sales tax
<b>A</b>	decrease	decrease
<b>B</b>	decrease	increase
<b>C</b>	increase	decrease
<b>D</b>	increase	increase

- 23** What can be considered an expansionary supply-side policy?

- A** an increase in government expenditure on training
- B** an increase in sales tax
- C** an increase in the rate of interest
- D** an increase of the exchange rate