

- 18** A country's railways are currently run by private firms. It has been suggested that the government should nationalise the railways.

What might be a reason for this?

- A** to control prices of railway services
 - B** to encourage competition in railway services
 - C** to increase the profit incentive
 - D** to provide jobs for local people
- 19** What is likely to cause a decrease in aggregate demand?
- A** an appreciation in the exchange rate
 - B** an improvement in consumer confidence
 - C** an increase in government expenditure
 - D** an increase in the money supply
- 20** A country maintains its foreign exchange rate against the United States dollar, within a narrow but changing band.

What is this type of exchange rate?

- A** fixed
 - B** floating
 - C** managed float
 - D** trade-weighted
- 21** Which components are included in the financial account of the balance of payments?

	the balancing item	foreign direct investment	interest, profits and dividends
A	✓	✓	x
B	✓	x	x
C	x	✓	✓
D	x	x	✓

key

✓ = included

x = not included