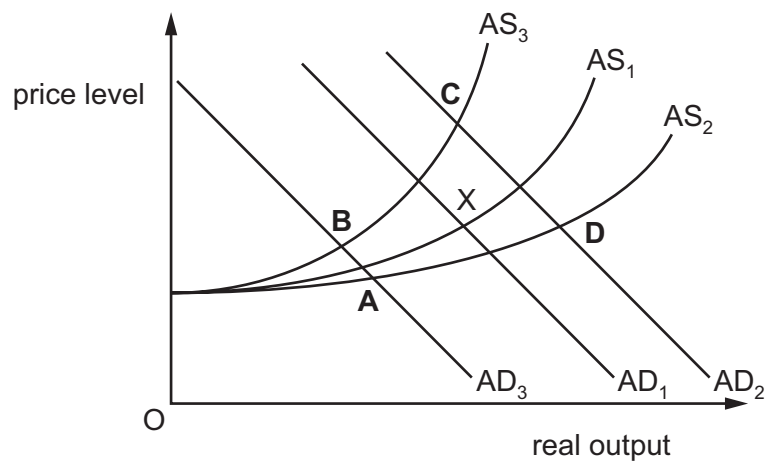


19 In its recent budget a government reduced total expenditure while increasing the amount spent on training to increase the productivity of the workforce. The initial equilibrium point is shown by X on the aggregate demand (AD) and aggregate supply (AS) diagram.

What would be the equilibrium point after these changes?



20 The table shows the retail prices index for four countries for years 2 and 3. (Year 1 index = 100 for all countries.)

Which country had a higher rate of inflation in year 2 than year 3?

country	year 2 index	year 3 index
A	100	115
B	110	132
C	120	144
D	130	150

21 What does the current account of the balance of payments include?

- A government reserves and foreign aid
- B government revenue and government spending
- C imports and exports of goods and services
- D inflows and outflows of trade and capital