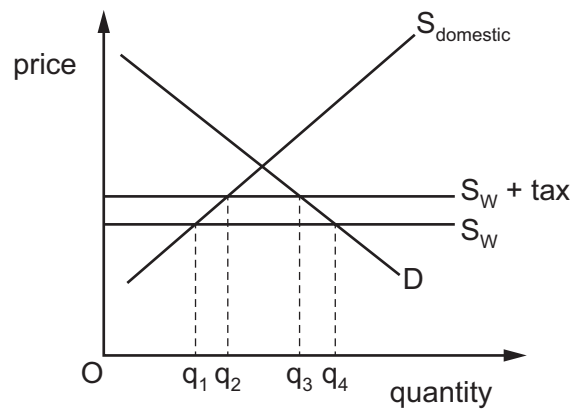


24 The diagram shows the imposition of an import tariff.

S_W is world supply.

$S_W + \text{tax}$ is world supply after the tariff is imposed.



Which statement is **not** correct?

- A** Domestic demand will fall from q_4 to q_3 .
- B** Imports will change from q_1q_4 to q_2q_3 .
- C** Imports will fall from q_4 to q_3 .
- D** Supply of domestic goods will increase from q_1 to q_2 .

25 An economy is experiencing a period of deflation.

What must be happening?

- A** The average price level is falling.
- B** The output of the economy is falling.
- C** The rate of inflation is falling.
- D** The real value of money is falling.

26 A British citizen buys a house in the US which he rents to American citizens in order to receive an income for himself.

Where will the initial purchase and then the rent be recorded on the UK balance of payments?

	initial purchase	rent
A	capital account export	current account import
B	capital account import	current account export
C	current account export	capital account import
D	current account import	capital account export