

**15** Which government policy will increase aggregate demand?

- A** raising indirect taxation
- B** reducing the budget surplus
- C** removing domestic subsidies
- D** removing import quotas

**16** The table gives the value of the price index of an economy in two years.

year	price index
1	60
2	120

What can be concluded about the period?

- A** Nominal income doubled.
- B** Real income doubled.
- C** The cost of living doubled.
- D** The standard of living doubled.

**17** What causes a rise in cost-push inflation?

- A** a fall in the rate of income tax
- B** a rise in the rate of income tax
- C** a depreciation of the exchange rate
- D** an appreciation of the exchange rate

**18** Which change affecting an economy's labour force will cause an increase in economic growth in the short run?

- A** an increase in students entering university
- B** an increase in the birth rate
- C** an increase in the immigration of skilled labour
- D** an increase in the school leaving age