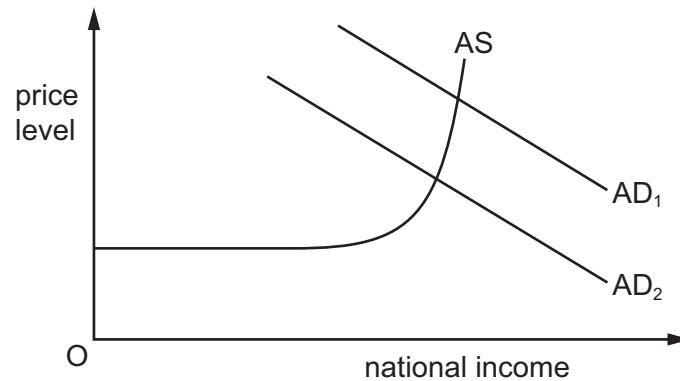


- 23** The diagram shows an aggregate supply curve, and aggregate demand curves.



What would cause a decrease in aggregate demand from AD₁ to AD₂?

- A** an increase in income tax
 - B** an increase in the price of electricity
 - C** an increase in the tax on goods
 - D** an increase in wage rates
- 24** Two countries trade with one another without any forms of protection. They also impose a common external tariff on the imports from all other countries.

What have these two countries formed?

- A** a customs union
 - B** a free trade area
 - C** a monetary union
 - D** an economic union
- 25** The terms of trade of a developing country fell from 90 in 2010 to 80 in 2015.

Assuming the index of its import prices remained constant at 110 between these two years, what happened to its index of export prices?

- A** fell by 10
- B** fell by 11
- C** increased by 10
- D** increased by 30