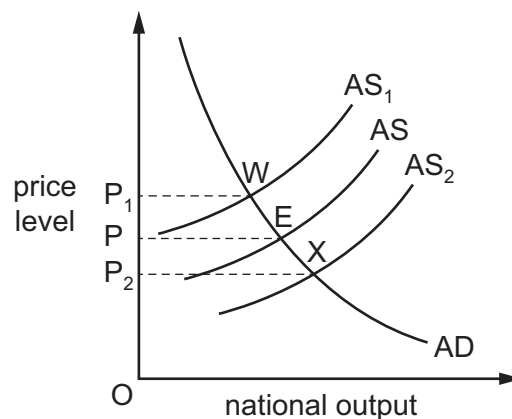


- 26** Which type of import control allows a country to develop a potential comparative advantage in a particular good?
- A** a quota that protects jobs in a depressed region
 - B** a short-term tariff that protects an infant industry
 - C** a tariff that improves an industry's terms of trade
 - D** an embargo on goods with negative externalities
- 27** The diagram shows aggregate demand (AD) and aggregate supply (AS) in an economy. The initial equilibrium is at point E.



What causes shifts in the aggregate supply curve from AS to AS₁ and from AS to AS₂?

	shift from AS to AS ₁	shift from AS to AS ₂
A	change in AD from E to W	change in AD from E to X
B	increase in price level from P to P ₁	decrease in price level from P to P ₂
C	increase in productivity of capital	fall in the returns to capital
D	shortages of skilled labour	improvements in training of workforce

- 28** Which action might be part of an expansionary economic policy?
- A** reducing the budget deficit
 - B** reducing the level of government spending
 - C** reducing the money supply
 - D** reducing the rate of interest