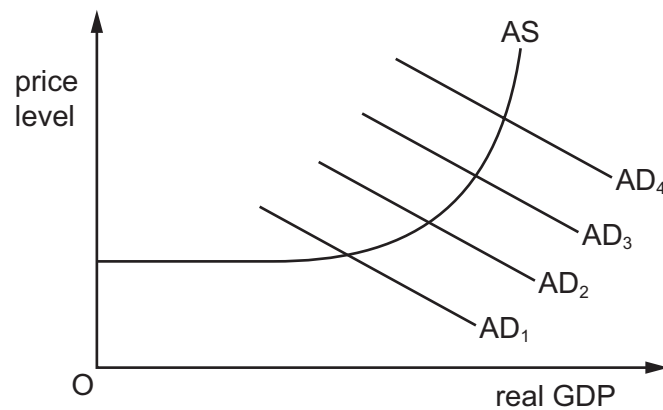


- 28 A foreign government pays a UK university to educate its students.

How would this be recorded on the balance of payments current account of the UK?

	current account component	money flows
<b>A</b>	secondary income	inflow
<b>B</b>	secondary income	outflow
<b>C</b>	trade in services	inflow
<b>D</b>	trade in services	outflow

- 29 A government wants to reduce inflation. It has decided to cut government spending by \$1bn. The diagram shows different starting positions for the country's aggregate demand (AD) curve.



Which starting position for the aggregate demand curve would make this policy **least** effective?

- A** AD<sub>1</sub>                      **B** AD<sub>2</sub>                      **C** AD<sub>3</sub>                      **D** AD<sub>4</sub>
- 30 A government reduces the rate of tax firms are charged on their land and buildings.

How is this likely to affect the economy's price level and real output?

	price level	real output
<b>A</b>	fall	fall
<b>B</b>	fall	rise
<b>C</b>	rise	fall
<b>D</b>	rise	rise