

19 Which factor explains the difference between GDP and GNI?

- A** foreign investment in the domestic automobile industry
- B** revenues received from exporting capital goods
- C** revenues received from exporting consumer goods
- D** salaries remitted by those working abroad to their home accounts

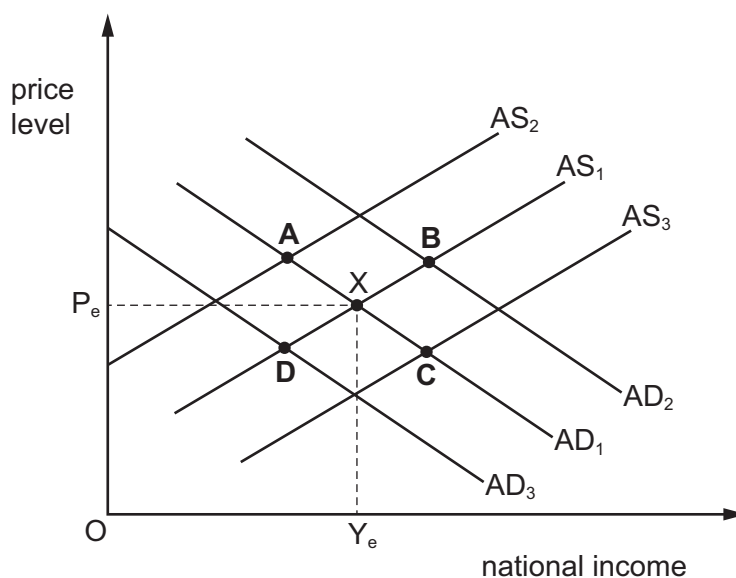
20 What is true about a government's macroeconomic objectives?

- A** Economic growth ensures a more even distribution of income.
- B** Increasing output ensures that more workers are employed.
- C** Choosing between macroeconomic objectives requires a normative decision.
- D** A stable rate of inflation means zero inflation is required.

21 The original equilibrium in the economy is represented by point X, the intersection of AD_1 and AS_1 , on the AD/AS diagram shown.

The government decreases the money supply.

What is the new equilibrium point?



22 How does a government use its central bank to promote an expansionary monetary policy?

- A** increasing interest rates for commercial banks
- B** increasing the interest rate on the national debt
- C** restricting bank credit for consumer durables
- D** increasing the issue of notes and coins in circulation