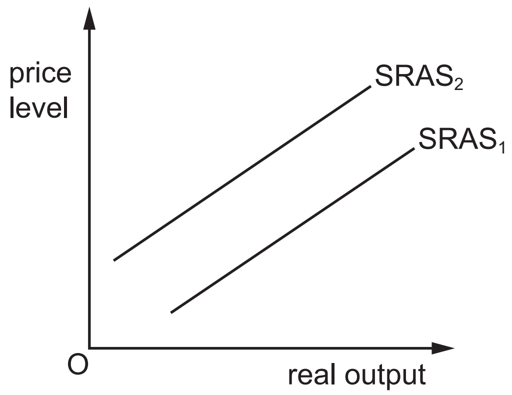
27 The diagram shows a shift in a country's short-run aggregate supply curve from $SRAS_1$ to $SRAS_2$. The country imports oil.



Why might an increase in the world price of oil have caused this shift?

A A rise in inflation is expected.

B Consumers face a fall in their disposable income.

C Domestic firms' costs have increased.

D The government reduces tax on oil and petroleum products.

28 What, if decreased, will help to reduce the rate of inflation?

A budget deficit

B direct taxes

C exchange rate

D interest rate

29 What is an example of contractionary fiscal policy?

A an increase in the budget deficit

B an increase in the budget surplus

C an increase in the interest rate

D an increase in the money supply

30 A country with low unemployment and a managed floating exchange rate has a persistent current account deficit on its balance of payments.