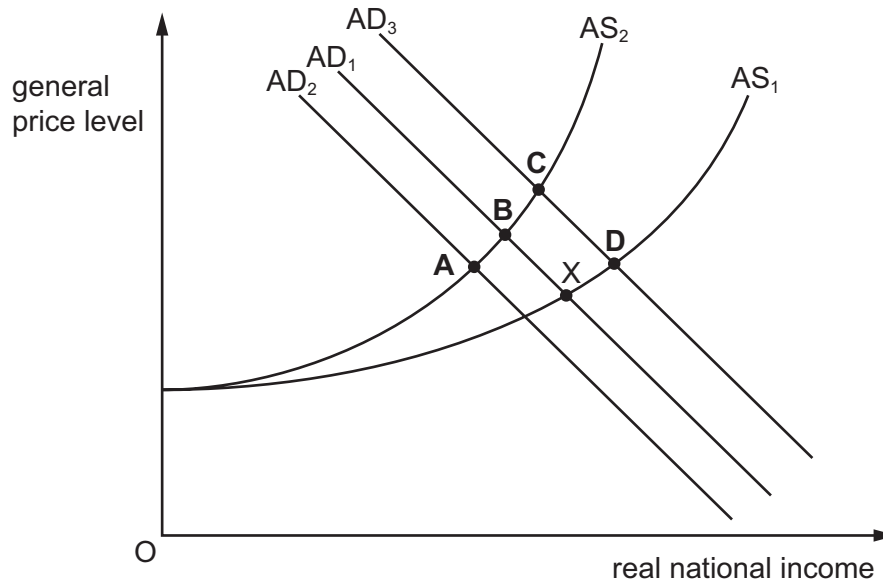


- 22** The aggregate demand (AD) and aggregate supply (AS) diagram shows an economy in equilibrium at X.

In this economy, a severe shortage of raw materials causes a large rise in their price.

The effect of this change is shown by a move to which point?



- 23** Why might a country's government impose a tax on fuel exports?

- A** to encourage domestic refineries to increase production
- B** to improve the country's trade balance
- C** to reduce fuel prices for domestic consumers
- D** to reduce the government's budget surplus

- 24** What leads to a fall in a country's terms of trade?

- A** a fall in the price of exports relative to the price of imports
- B** a fall in the price of imports relative to the price of exports
- C** a fall in the quantity of exports relative to the quantity of imports
- D** a fall in the quantity of imports relative to the quantity of exports