24 A government increases the rate of income tax.

What is the effect, in the short run, on the aggregate demand curve or the aggregate supply curve?

- A The aggregate demand curve shifts left.
- **B** The aggregate demand curve shifts right.
- C The aggregate supply curve shifts left.
- **D** The aggregate supply curve shifts right.
- **25** A country's current account deficit is larger this year than last.

What is the most likely reason for this increase?

- **A** Demand for domestically produced goods has risen.
- **B** Domestic inflation has risen faster than the inflation of its major trading partners.
- **C** Domestic unemployment has risen.
- **D** The exchange rate has depreciated.
- **26** Which supply-side measure is most likely to produce short-run growth in a country's aggregate supply?
 - A easing of controls on immigration of workers
 - B expenditure on primary education
 - C expenditure on research and development
 - **D** privatisation of public utilities
- 27 Which tax may a government use to reduce inequality?
 - A progressive income tax
 - **B** proportionate income tax
 - C proportionate indirect tax
 - D specific indirect tax