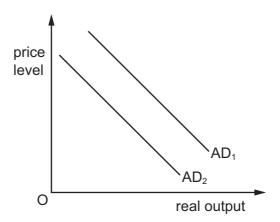
21 An economy has an unemployment rate of 8%, an increase of 2% from the previous year. At the same time, the current account deficit rose from 3% of GDP to 4% of GDP.

What would be most likely to reduce both unemployment and the current account deficit?

- A decrease government spending
- **B** depreciation of the currency
- **C** increase indirect taxation
- D increase interest rates
- 22 The diagram shows aggregate demand (AD) curves for an economy.



Which combination is most likely to have caused the shift from AD<sub>1</sub> to AD<sub>2</sub>?

	income tax	sales tax
Α	decrease	decrease
В	decrease	increase
С	increase	decrease
D	increase	increase

- 23 What can be considered an expansionary supply-side policy?
  - A an increase in government expenditure on training
  - B an increase in sales tax
  - **C** an increase in the rate of interest
  - **D** an increase of the exchange rate