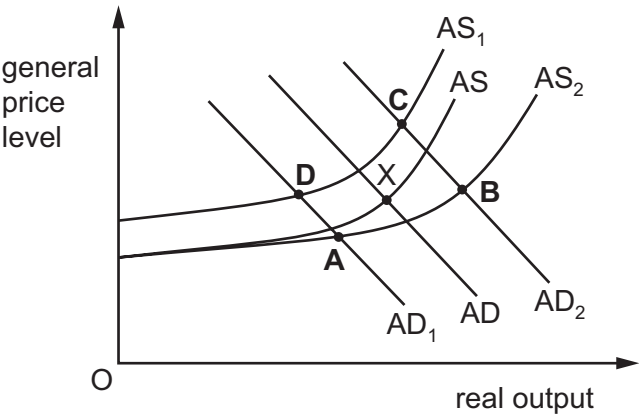


23 A central bank forecasts a rise in raw material costs. The government plans to increase spending on health and education.

The initial equilibrium point is shown by X on the aggregate demand, AD, and aggregate supply, AS, diagram.

What would be the new equilibrium point in the short run if the forecasts prove to be accurate and the government plans are implemented?



24 A country with a floating exchange rate experiences a large surplus on the current account of its balance of payments.

What is likely to decrease as a consequence?

- A** exports of capital from the country
- B** the level of employment in the county
- C** the prices of imports into the country
- D** the value of the country's currency

25 In 2018 an investor in the United States (US) purchased shares in a German bank. In December 2018 the US investor was paid a dividend on these shares.

How were these activities recorded in the US balance of payments for 2018?

	share purchase	dividend payment
A	capital account credit	current account credit
B	capital account credit	current account debit
C	capital account debit	current account credit
D	capital account debit	current account debit