

- 13** Which stage of the business (trade) cycle is most likely to be characterised by an increasing negative output gap?
- A** boom
 - B** recession
 - C** recovery
 - D** trough

- 15** What leads to an inflationary gap?
- A** Aggregate demand is greater than the maximum potential output of the economy.
 - B** Investment increases at a greater rate than profits received by a firm.
 - C** The economy is operating below its full capacity.
 - D** Innovation results in increased productivity in the economy.
- 28** A multinational company is planning to invest in a new factory in a low-income country.
- What is **not** a possible benefit to the low-income country?
- A** acquiring improved technology
 - B** better training for the workforce
 - C** extra tax revenue for the government
 - D** increased competition for small domestic producers