18 A government decides to increase defence expenditure and reduce direct taxes.

Which type of policy is this?

A exchange rate policy

B fiscal policy

C monetary policy

D trade protection policy

IGCSE Economics: **w24 11**

30 What is the most likely cause of an increased current account surplus in a country?

A lower prices for the country’s exports

B higher exchange rate for the country

C economic growth in the country

D recession in trade-partner countries

IGCSE Economics: **w24 12**

18 What is the money supply?

A the total quantity of foreign currency available within the economy

B the total quantity of money available within the economy

C the total quantity of money issued by the central bank

D the total quantity of money within commercial banks

IGCSE Economics: **w24 13**

27 What encourages international specialisation?

A a foreign exchange shortage

B diseconomies of scale

C free trade

D quotas

IGCSE Economics: **s24 11**

28 What is an intended outcome of protecting infant industries from free trade?

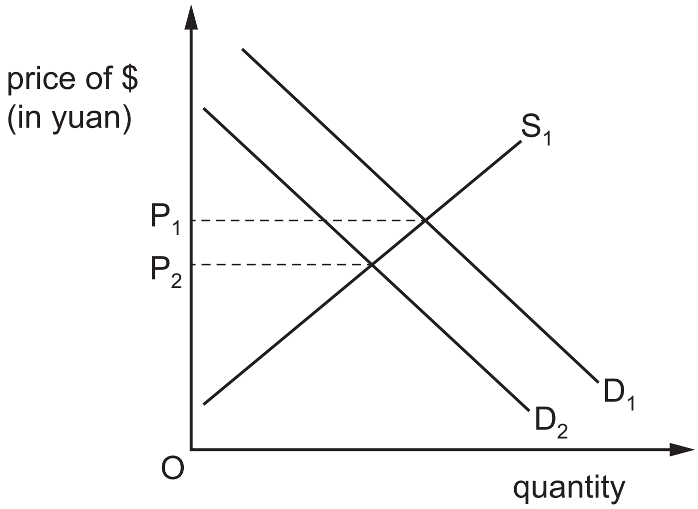
A to decrease the competitiveness of domestic firms

B to decrease the demand for exported goods

C to increase employment in domestic firms

D to increase the supply of imported goods

29 In the diagram, curves D_1 and S_1 relate to the demand and supply of the US dollar ($) against the Chinese yuan.



What is most likely to cause the demand curve for US dollars to shift from D_1 to D_2?

A a fall in Chinese interest rates

B a fall in US interest rates

C a faster growth rate in the US economy

D a reduction in the US government budget deficit

30 Brazil had a balance of payments current account deficit of US$23.5 billion.

Which policy is most likely to reduce the current account deficit in Brazil?

A depreciate Brazil's currency

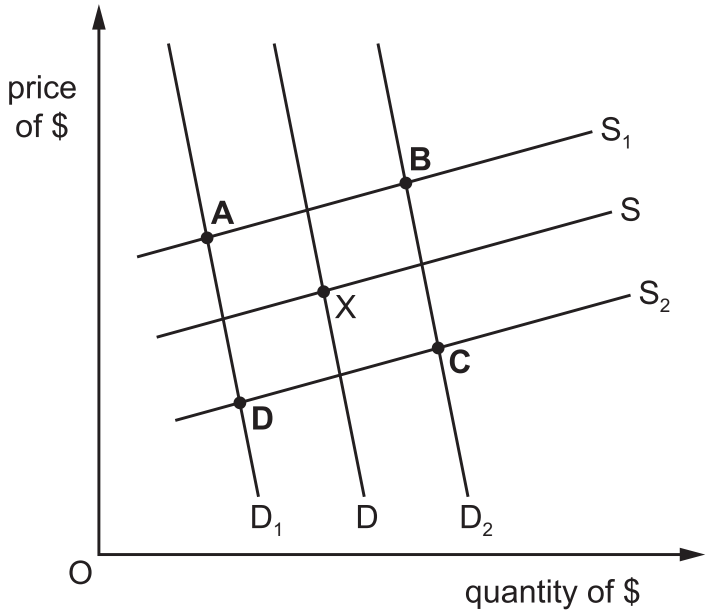
B reduce rates of income tax in Brazil

C reduce subsidies to Brazil's exporting firms

D reduce tariffs on Brazil's imports

29 The US currently trades in oil with the UK. The discovery of new oil and gas deposits in the US will mean that its oil imports decrease and its oil exports increase.

From the initial equilibrium point of X, which letter indicates the new equilibrium point for the US exchange rate?



30 What is most likely to directly result from a persistent and large current account surplus on the balance of payments of a country?

A a lower exchange rate

B a lower standard of living

C an increase in gross domestic product

D an increase in the unemployment rate

IGCSE Economics: **w25 12**

17 A government imposes tariffs on imported goods.

What is **not** a likely reason for this?

A to boost domestic output

B to influence the country's balance of payments

C to protect domestic employment

D to reduce the exports from the country