

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

26 Which combination of events would cause the biggest increase in real GDP per capita?

	GDP	population	general price level
A	rises	falls	falls
B	rises	falls	rises
C	rises	rises	falls
D	rises	rises	rises

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