

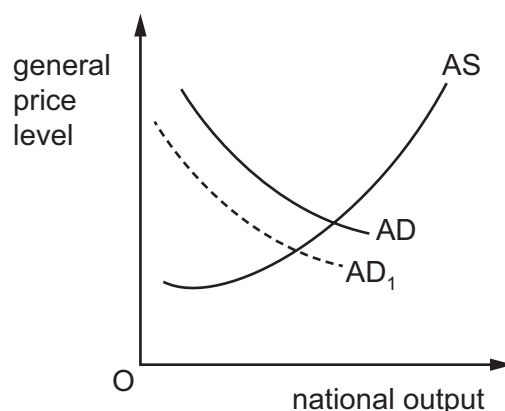
17 What is **not** true about subsidies?

- A They are paid to firms.
- B They have to be paid back.
- C They reduce the cost of production.
- D They shift the supply curve to the right.

18 What is **unlikely** to occur with an increase in the provision of public goods?

- A consumer non-excludability
- B improved use of resources
- C opportunity cost
- D reduction in tax

19 The diagram shows aggregate demand and aggregate supply curves for an economy.



What would cause a change in the aggregate demand from AD to AD<sub>1</sub>?

- A a decrease in the budget surplus
- B consumption of domestic instead of foreign goods
- C government campaigns to encourage household savings
- D investment in knowledge-based enterprises

20 What would cause a shift in the short-run aggregate supply curve but **not** the long-run aggregate supply curve?

- A advances in technology
- B a change in the money wage rate
- C emigration of people of working age
- D gross investment exceeding depreciation