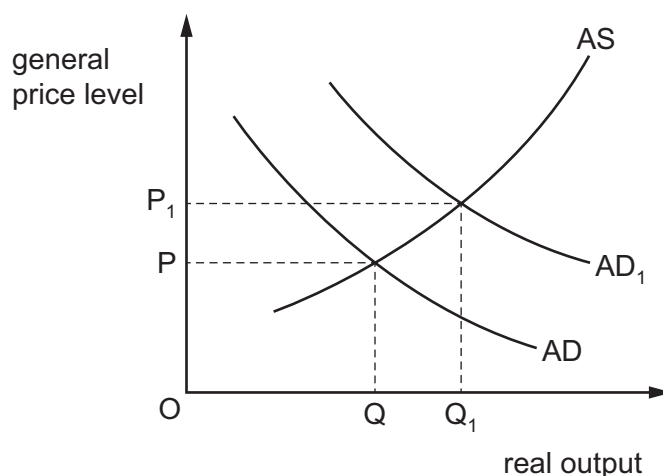


17 Doctors are concerned about the negative health effects of sugary drinks.

When would a tax on sugary drinks be **least** effective in improving health?

- A when the demand for sugary drinks is income elastic
- B when the demand for sugary drinks is income inelastic
- C when the demand for sugary drinks is price elastic
- D when the demand for sugary drinks is price inelastic

18 The diagram illustrates what happens to aggregate demand (AD) and aggregate supply (AS) in an economy during a year.



What explains the rise in the general price level?

- A boom in consumer spending
- B higher taxes on company profits
- C reduction in government-financed projects
- D rising costs of raw materials

19 How is a rate of inflation that is lower than that expected likely to affect lenders and borrowers in an economy?

	effect on lenders	effect on borrowers
A	beneficial	beneficial
B	beneficial	harmful
C	harmful	beneficial
D	harmful	harmful