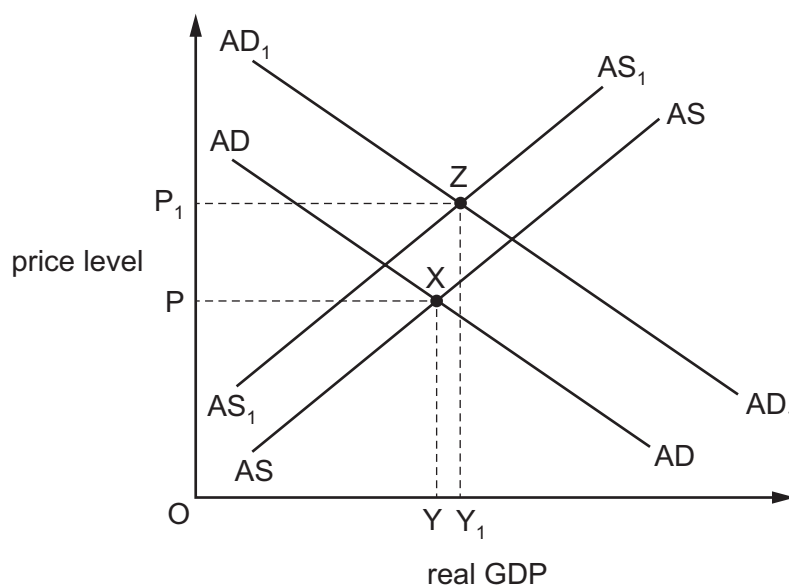


- 19 In 2012, high street shops reported a fall in sales as domestic demand in an economy fell. However, the impact on the overall economy was not as unfavourable as was first feared.

What might have lessened the impact on the economy?

- A Exports increased.
- B Imports increased.
- C Savings increased.
- D Taxes increased.

- 20 An economy is initially in equilibrium at point X in the diagram.



The government then introduces a supply-side policy measure which causes the economy to move to point Z.

Which supply-side policy and reaction could explain this change?

- A a cut in income tax to increase the incentive to work but which results in workers increasing their leisure time
- B a cut in unemployment benefit which results in more applications for training courses
- C a rise in government spending on education which increases labour productivity
- D privatisation of key industries which results in an increase in economic efficiency