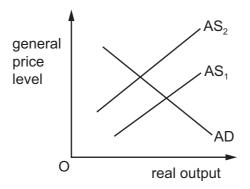
- 17 Which group is most likely to suffer during high inflation?
 - A borrowers
 - **B** importers
 - **C** producers
 - D fixed wage earners
- 18 Which statement explains why the aggregate demand curve is downward sloping?
 - **A** As prices fall, the demand for exports becomes more elastic.
 - **B** As prices fall, fewer goods are imported.
 - **C** As prices fall, the rate of interest will rise.
 - **D** As prices fall, real wealth rises and so spending increases.
- 19 The diagram shows the aggregate demand (AD) and aggregate supply (AS) for an economy.



Which changes in subsidies and indirect taxes would have caused the change from AS₁ to AS₂?

- A higher subsidies and higher indirect taxes
- **B** higher subsidies and lower indirect taxes
- **C** lower subsidies and higher indirect taxes
- **D** lower subsidies and lower indirect taxes