

- 17** Planned government expenditure for the UK in the fiscal year 2016 is estimated at £760 billion. The top five areas of expenditure are given in the table.

	£ billion
pensions	153
healthcare	138
welfare	111
education	89
defence	45
total top five	536

What is the total amount spent on transfer payments shown in the table?

- A** £89 billion      **B** £111 billion      **C** £264 billion      **D** £536 billion

- 18** What is likely to occur when the government privatises public sector monopolies?

- A** Consumer choice will increase.  
**B** Employment will increase in the short run.  
**C** Innovation will be discouraged.  
**D** The production of public goods will increase.

- 19** In a closed economy a rise in aggregate demand is needed to increase output in the country.

What is necessary to achieve this increase in output in the economy?

- A** enough capacity to produce the extra goods and services demanded  
**B** free trade to allow imports to make up any shortages in supply  
**C** government spending to be less than tax revenue  
**D** reduced credit to lower inflation