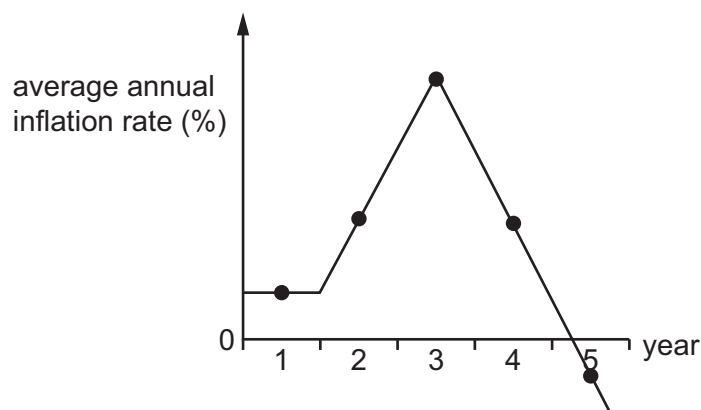


18 Which statement about the circular flow of income is correct?

- A Exports and imports do not affect the equilibrium level of national income because they always cancel each other out.
- B The greater the level of saving, the greater the level of injections in the form of investment must be.
- C When consumers use past savings to increase their spending, there will be a rise in national income.
- D When a government increases withdrawals by increasing the rate of income tax, there must be an equivalent increase in injections to compensate.

19 The graph shows a country's average annual inflation rate over a five-year period.



What can be concluded about the general price level during the five years?

- A It fell in only one year.
- B It fell in only two years.
- C It rose in only two years.
- D It was constant in only one year.

20 In an economy, wages and prices are both rising but wages are rising faster.

Which features are likely to exist in this economy?

	cost-push inflation	rise in real incomes
A	no	no
B	no	yes
C	yes	no
D	yes	yes