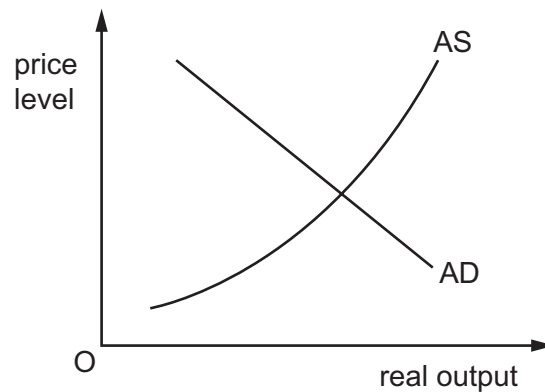


- 21 An economy is represented by the AD/AS diagram, which is initially in macroeconomic equilibrium.



Which change will definitely result in a rise in real output?

- A a fall in personal taxation and a fall in government expenditure
  - B a rise in consumption and a rise in the cost of raw materials
  - C a rise in export revenues and a fall in import expenditure
  - D a rise in government expenditure and a fall in investment
- 22 The data shows the consumer prices index (CPI) and an index of money wages in an economy during four years.

year	1	2	3	4
CPI	100	102	105	110
index of money wages	100	102	107	110

Which statement is **not** correct?

- A Inflation was at its greatest between years 3 and 4.
- B Real wages remained constant between years 1 and 2.
- C Real wages rose between years 3 and 4.
- D The rate of inflation increased over the whole period.