

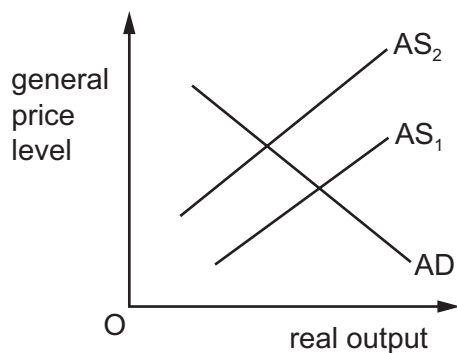
17 Which group is most likely to suffer during high inflation?

- 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