

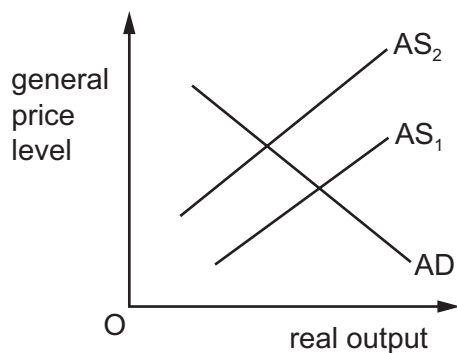
**17** Which group is most likely to suffer during high inflation?

- 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 AS<sub>1</sub> to AS<sub>2</sub>?

- 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