

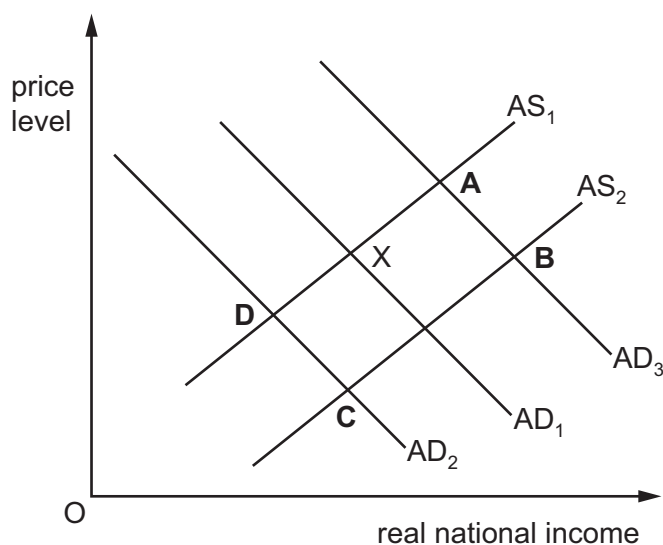
**27** Over a period of a year, the annual rate of inflation becomes negative.

Which statement must be correct?

- A** The cost of living has fallen.
- B** The purchasing power of money has fallen.
- C** The standard of living has increased.
- D** There has been an increase in the Consumer Price Index.

**28** The government of a country plans to raise income tax rates. The initial equilibrium for the country is represented by point X on the diagram.

Which new equilibrium point would an economist predict as the result?



**29** Which combination would represent the most expansionary set of monetary policies?

	credit availability	interest rates	money supply
<b>A</b>	increased	up	reduced
<b>B</b>	increased	down	increased
<b>C</b>	reduced	up	increased
<b>D</b>	reduced	down	reduced