

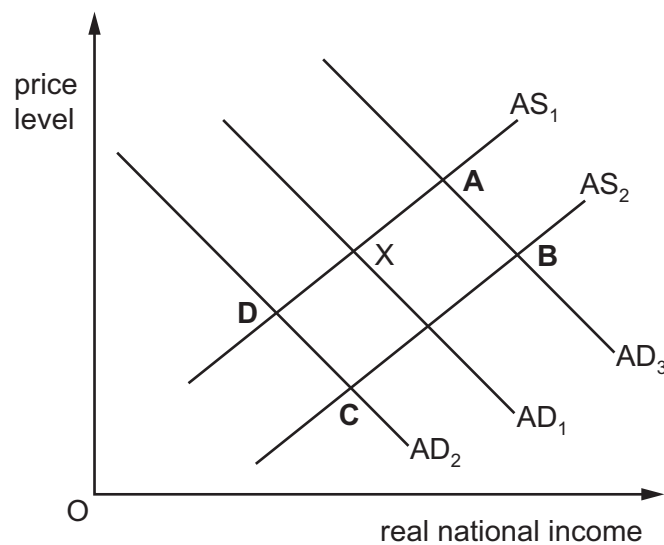
27 Over a period of a year, the annual rate of inflation becomes negative.

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
A	increased	up	reduced
B	increased	down	increased
C	reduced	up	increased
D	reduced	down	reduced