

1 What is an example of a normative statement?

- A** Government expenditure is an injection into the circular flow of income.
- B** Government expenditure in India in 2022 was 29% of gross domestic product.
- C** The best policy measure to reduce inflation is a reduction in government expenditure.
- D** The United States of America is the country with the highest military expenditure.

15 What is an example of an injection into the circular flow of income in an open economy?

- A** consumer spending on goods
- B** expenditure on a government construction project
- C** spending by households on holidays abroad
- D** repayment of loans to commercial banks

13 Assuming demand is price elastic, what will rise the most if an indirect tax is removed?

- A** consumer expenditures
- B** price of the product
- C** producers' revenues
- D** tax receipts

15 What is an example of a transfer payment?

- A** a household moving savings from one bank account to another
- B** a monthly repayment on a loan used to buy a new cooker
- C** the amount paid to transport goods from one city to another
- D** grants paid to students by the government