

- 19** A government is planning to increase its expenditure on defence. Half of this expenditure will be on equipment such as planes and weapons which it will have to import as it does not produce this equipment domestically.

What is the initial impact on injections and leakages from the circular flow of income?

- A** The initial rise in injections is greater than the initial rise in leakages.
- B** The initial rise in injections is greater than the initial fall in leakages.
- C** The initial rise in injections is smaller than the initial rise in leakages.
- D** The initial rise in injections is smaller than the initial fall in leakages.