

- 29** What is the most effective policy to correct a deficit on the current account of the balance of payments?
- A** appreciation of the currency
  - B** increased foreign exchange controls
  - C** reduced export subsidies
  - D** reduced subsidies in the home market
- 30** Which combination of policies is most likely to reduce inflation when an economy is close to full employment?
- A** increasing government spending on food subsidies and reducing import duty
  - B** increasing government spending on road building and increasing import duty
  - C** reducing government spending on training and increasing indirect taxes
  - D** reducing government spending on training and reducing the rate of interest