

- 28** 'Reducing the exchange rate helps to decrease a country's balance of payments deficit because it makes imports more expensive and exports cheaper.'

What does this statement describe?

- A** a deflationary policy
  - B** a policy of direct controls
  - C** an expenditure-reducing policy
  - D** an expenditure-switching policy
- 29** An increase in which variable is a contractionary monetary policy?
- A** the budget deficit
  - B** the budget surplus
  - C** the interest rate
  - D** the money supply
- 30** What are government monetary policies that would be the most effective in a global recession?
- A** allowing the rate of interest to fluctuate and increasing business taxation
  - B** increasing the budget surplus and raising tariffs on imports
  - C** keeping the rate of interest very low and increasing the money supply
  - D** raising the rate of interest and restricting the money supply