

- 29** What is likely to result in an increase in a country's balance of payments deficit (disequilibrium) in the short run but may reduce it in the long run?
- A** an appreciation of the country's currency
  - B** substantial foreign investment by the country's residents
  - C** the introduction of controls on capital outflows
  - D** the introduction of import quotas
- 30** A depreciation of the exchange rate of the pound sterling against the US dollar from £1 : \$1.50 to £1 : \$1.00 must mean that
- A** dollars will become more expensive in terms of pounds.
  - B** the pound will be undervalued.
  - C** UK imports from the US will become cheaper.
  - D** US imports from the UK will become more expensive.