

- 29** To encourage people to work, a government increases the minimum income level at which people start to pay income tax.

Which types of macroeconomic policy are being followed here?

|          | fiscal<br>policy | monetary<br>policy | supply side<br>policy |
|----------|------------------|--------------------|-----------------------|
| <b>A</b> | ✓                | x                  | ✓                     |
| <b>B</b> | x                | ✓                  | ✓                     |
| <b>C</b> | ✓                | ✓                  | ✓                     |
| <b>D</b> | ✓                | ✓                  | x                     |

- 30** A country with low unemployment and a managed floating exchange rate has a persistent current account deficit on its balance of payments.

Which policy to reduce this deficit is **most** likely to keep unemployment low, but cause inflation?

- A** depreciating its currency
- B** higher direct taxation
- C** higher import tariffs
- D** higher interest rates