

- 29** A country is currently experiencing deflation. It has a large national debt that is greater than its annual real income.

Which combination of policies is most likely to increase the general price level without adding to the national debt?

| | fiscal policy | monetary policy |
|----------|-----------------------------|---------------------------|
| A | decrease the budget deficit | decrease the money supply |
| B | decrease the budget deficit | increase the money supply |
| C | increase the budget deficit | decrease the money supply |
| D | increase the budget deficit | increase the money supply |

- 30** Which government action will conflict with the named economic target?

| | target | action |
|----------|------------------------|-------------------------|
| A | lower price inflation | lower exchange rate |
| B | more consumer spending | lower interest rates |
| C | more equal incomes | lower indirect tax rate |
| D | reduced import levels | smaller trade quotas |