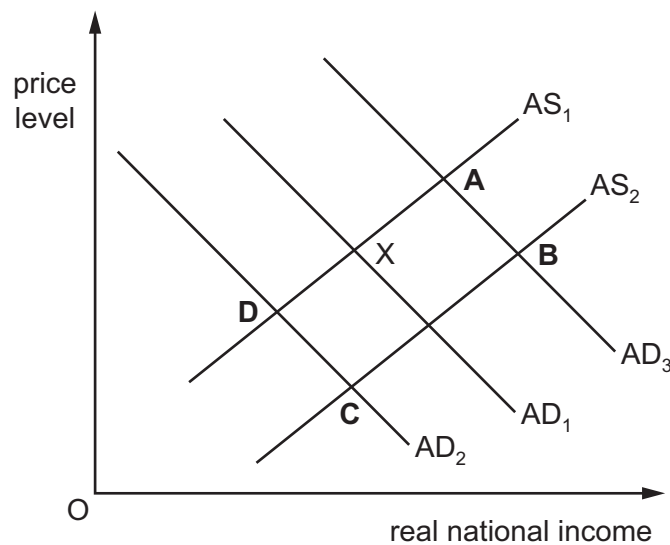


- 27** Which government policy could be considered as a protectionist policy?
- A** an imposition of controls on capital outflows from the economy
 - B** foreign exchange intervention to prevent a devaluation of the country's currency
 - C** pollution charges imposed on domestic producers
 - D** subsidies paid to domestic producers of a tradeable good
- 28** The government of a country plans to raise income tax rates. The initial equilibrium for the country is represented by point X on the diagram.

Which new equilibrium point would an economist predict as the result?



- 29** What is an example of an expenditure-dampening policy?
- A** an increase in income tax rates
 - B** an increase in the level of import tariffs
 - C** an upward revaluation of the exchange rate
 - D** the introduction of import quotas
- 30** An economy is currently operating close to its full employment level of national income.
- Which combination of macro-economic policies would be most likely to have net deflationary effects?
- A** a 10% cut in the standard rate of income tax and a 5% devaluation of the currency