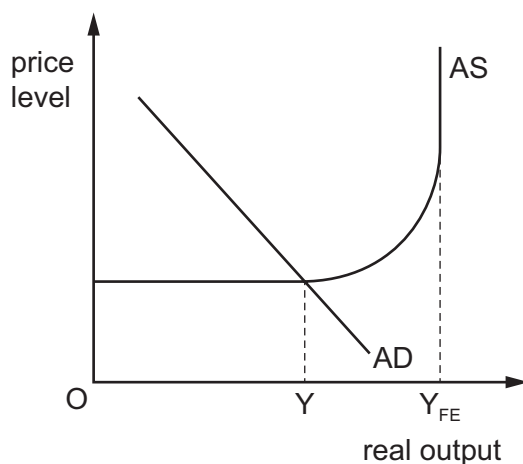


- 18 There has been a worldwide move towards market economies and away from state controlled nationalised industries.

Which policy would limit this transition?

- A development of well-functioning capital markets
  - B establishment of a stable, convertible currency
  - C national and international liberalisation of markets and trade
  - D regulation of prices of former nationalised industries' products
- 19 An economy has an equilibrium level of real output  $Y$ , but wishes to move towards its full employment level of real output  $Y_{FE}$ .



Which combination of policy measures is most likely to achieve this wish without high inflation?

- A decreasing interest rates and raising investment in new technology
- B decreasing the money supply and raising corporation tax rates
- C increasing interest rates and raising income tax thresholds
- D increasing the money supply and raising welfare benefit payments