

28 Which action is classified as a fiscal policy measure?

- A** fixing a currency to another country's currency
- B** managing changes in the level of government debt
- C** providing guidance to industry and the public
- D** tightening reserve asset requirements for financial institutions

29 A country has a deficit on the current account of the balance of payments.

Which policy would be expected to increase the deficit?

- A** an appreciation of the exchange rate
- B** an increase in domestic productivity
- C** an introduction of import quotas
- D** a rise in subsidies to domestic firms

30 Which type of policy would have the most immediate effect in dealing with a deflationary economic downturn?

- A** increasing the government's budget surplus
- B** increasing liquidity by assisting banks to lend more
- C** investing in projects to improve transport networks
- D** switching the burden of taxation from earning to spending