

- 28** A newly-built public sector engineering training college received poor inspection reports. The government ceased to pay the college the money that it had usually received as its annual grant.

Which types of government policy does this statement imply?

- A** fiscal and monetary policies only
 - B** fiscal and supply-side policies only
 - C** fiscal, monetary and supply-side policies
 - D** monetary and supply-side policies only
- 29** Which measure to correct a balance of payments current account deficit would be classified as an expenditure-dampening policy?
- A** a reduction in interest rates
 - B** a revaluation of the currency
 - C** an increase in direct taxes
 - D** an introduction of foreign exchange controls
- 30** A government is faced with rising inflation. It wishes to reduce inflationary pressure while avoiding a rise in unemployment.

Which action is most likely to meet its needs?

- A** an increase in employment taxes
- B** an increase in laws to promote competition
- C** an increase in the budget surplus
- D** an increase in the exchange rate