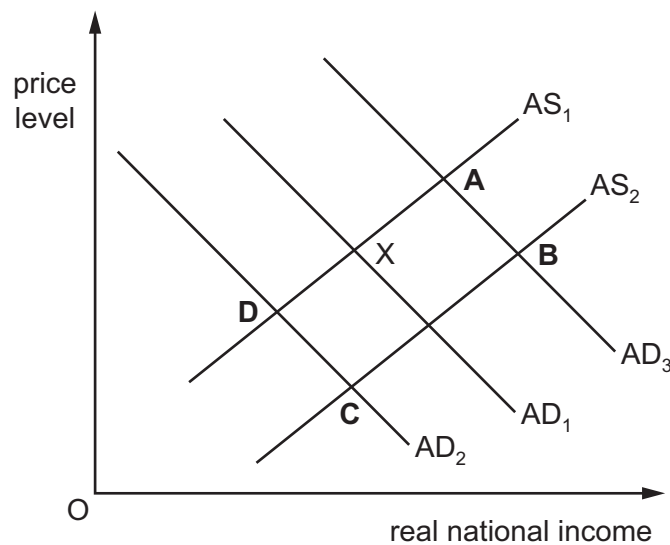


- 27 Which government policy could be considered as a protectionist policy?
- A an imposition of controls on capital outflows from the economy
  - B foreign exchange intervention to prevent a devaluation of the country's currency
  - C pollution charges imposed on domestic producers
  - D subsidies paid 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