

- 29** Which policy measure is an expenditure-switching measure designed to reduce a current account surplus?
- A** a cut in income tax rates
 - B** a depreciation of the exchange rate
 - C** the removal of government subsidies to producers
 - D** the removal of limits on bank lending
- 30** A country faces twin problems of deflation and a current account deficit on the balance of payments. It decides to run a budget deficit and to lower interest rates.

Which effects are these measures likely to have on its twin problems?

	deflation	current account deficit
A	improves	uncertain
B	improves	worsens
C	worsens	uncertain
D	worsens	worsens