

18 What is a cost of negative economic growth?

- A deteriorating balance of payments
- B higher inflation
- C higher unemployment
- D increased pollution

19 A government statistical office measured changes in income from employment, pensions and benefits, then subtracted income tax and welfare contributions and adjusted for inflation.

What did the final figure represent?

- A changes in nominal income
- B changes in nominal net earnings
- C changes in real disposable income
- D changes in real gross earnings

20 Which combination of fiscal and monetary policies is most likely to be effective in the short run to prevent deflation in a closed economy?

	fiscal policy	monetary policy
A	decreasing the budget deficit	decreasing the interest rate
B	decreasing the budget deficit	decreasing the money supply
C	increasing the budget deficit	decreasing the interest rate
D	increasing the budget deficit	decreasing the money supply

21 Which macroeconomic objective is most likely to be achieved by increasing income tax?

- A depreciation of the exchange rate
- B economic growth
- C low unemployment
- D price stability

22 What is **not** a supply-side policy?

- A increasing government expenditure on infrastructure
- B increasing research and development expenditure
- C increasing subsidies for education and training
- D increasing the supply of money