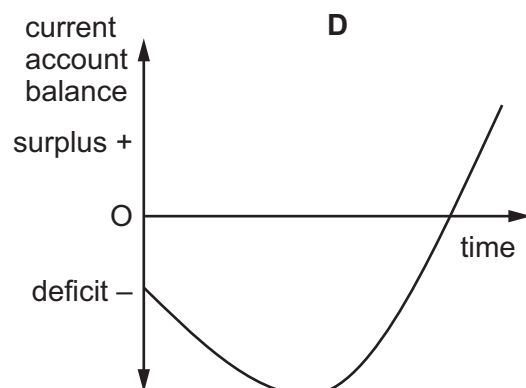
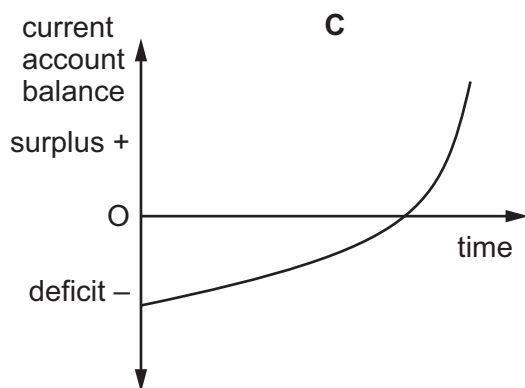
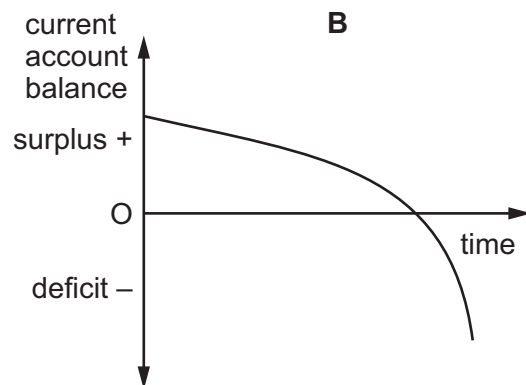
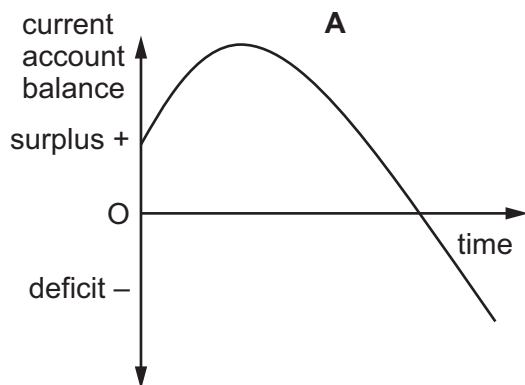


- 29** An economy's current account on the balance of payments is in surplus. The exchange rate is revalued by the government. Assume the Marshall-Lerner condition holds.

Which diagram shows the impact on the current account balance?



- 30** What would be increased by an expansionary fiscal policy?

- A** budget deficit
- B** exchange rate
- C** money supply
- D** rate of direct taxation