

- 29** Which combination of fiscal and monetary policies is most likely to be effective in the short run for tackling deflation in a closed economy?

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

- 30** 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 limits on bank lending
- D** the removal of subsidies to exporters