

27 Devaluation always has the effect of

- A decreasing the price of imports.
- B decreasing the value of imports.
- C worsening the balance of payments.
- D worsening the terms of trade.

28 A government uses monetary policy and fiscal policy to solve a problem of deflation.

Which policy combination is likely to be the **most** successful?

	monetary policy	fiscal policy
A	increasing interest rates	contractionary
B	increasing interest rates	expansionary
C	reducing interest rates	contractionary
D	reducing interest rates	expansionary

29 A government reduces its expenditure on workplace training, increases the level of indirect taxes, and reduces the rate of interest it pays on government debt.

How would these government macroeconomic policies be categorised?

	supply-side	fiscal	monetary
A	con	con	exp
B	exp	con	con
C	con	exp	exp
D	exp	exp	con

key

con = contractionary

exp = expansionary

30 What represents the total of aggregate demand in a closed economy?

- A $C + I + G$
- B $C + I + G + X$
- C $C + I + G + (X - M)$
- D $C - (S + T)$