

28 What is an example of the use of monetary policy?

- A** a cut in the rate of corporation tax
- B** a reduction in interest rates
- C** a switch from direct to indirect taxation
- D** the introduction of maximum price controls to reduce inflation

29 Which policy would be likely to increase inflation?

- A** an increase in income tax
- B** an increase in interest rates
- C** limiting the amount banks can lend
- D** raising the level of import tariffs

30 What are the components of aggregate demand?

- A** consumption + investment + government spending + (exports – imports)
- B** consumption + investment + taxation – (exports – imports)
- C** consumption + saving + taxation – (exports – imports)
- D** consumption + saving + taxation + (exports – imports)