

- 21** The table shows the rates of unemployment and real GDP growth for an economy in year 1 and year 2.

	year 1	year 2
rate of unemployment (%)	3	7
rate of real GDP growth (%)	3	-1

Which combination of policy measures would be most effective in returning the economy to the year 1 level of activity?

- A** a decrease in direct taxes and an increase in the rate of interest
- B** a decrease in government expenditure and an increase in the rate of interest
- C** an increase in direct taxes and a decrease in the rate of interest
- D** an increase in government expenditure and a decrease in the rate of interest