

- 5 Some countries engage in dumping by selling their products at less than cost price in Cambodia. The Cambodian Government wants the country to become a high-income economy by 2050. It uses fiscal, monetary and supply-side policies to increase its economic growth rate. Cambodia subsidises some infant industries. The country has one of the world's largest deficits on the current account of its balance of payments (as a percentage of GDP). Some economists suggest cutting taxes would reduce this deficit.
- (a) Identify **two** motives for a firm dumping some of its products in a foreign market. [2]
- (b) Explain **two** differences between monetary policy and supply-side policy. [4]
- (c) Analyse how a government subsidy could help to protect an infant industry against foreign competition. [6]
- (d) Discuss whether or not cuts in taxes will reduce a deficit on the current account of a country's balance of payments. [8]