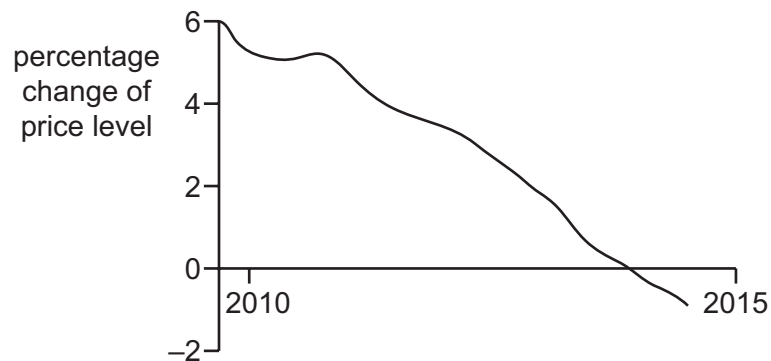


**29** A country with a fixed exchange rate has a current account surplus on its balance of payments.

What is most likely to reduce this surplus?

- A** higher interest rates
- B** higher investment spending
- C** higher tariffs
- D** higher taxes

**30** In recent years an economy has experienced changes in its price level as shown.



Which government policy is most effective in reversing the trend shown in the price level?

- A** encourage firms to expand production through tax incentives
- B** introduce an incomes policy to directly control wage increases
- C** promote household savings by issuing savings bonds
- D** reduce interest rates and increase money supply