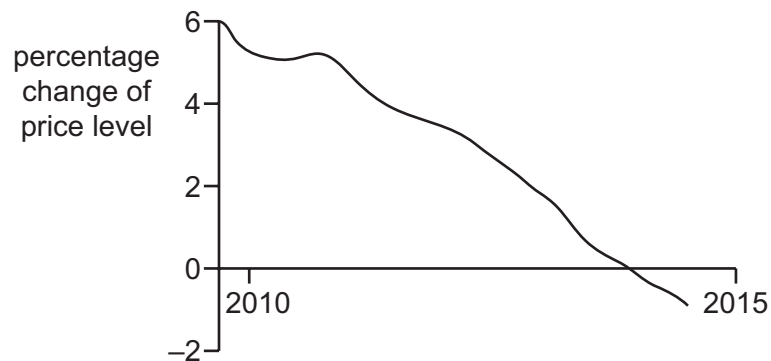


29 A country with a fixed exchange rate has a current account surplus on its balance of payments.

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