

**29** The table shows GDP indices for a country over a three-year period.

	year 1	year 2	year 3
real GDP	100	105	106
money GDP	100	107	115

Inflation and economic growth are two macroeconomic policy objectives.

Which row gives a correct assessment of the country's achievement of these two objectives over the period?

	rate of inflation	rate of economic growth
<b>A</b>	cannot tell	positive
<b>B</b>	declining	cannot tell
<b>C</b>	positive	declining
<b>D</b>	rising	negative

**30** A government raises interest rates to improve the current account of the balance of payments.

What might reduce the effectiveness of this policy?

- A** a fall in domestic growth
- B** consumer pessimism
- C** increased domestic saving
- D** price-elastic demand for exports