

- 29** A government is faced with rising inflation. It wishes to reduce inflationary pressure while avoiding a fall in output.

Which action is **most** likely to meet its needs?

- A** an increase in laws to promote competition
  - B** an increase in taxation
  - C** an increase in the budget surplus
  - D** an increase in the exchange rate
- 30** Why may a government seek to reduce a current account surplus on the balance of payments?
- A** to lower inflation
  - B** to lower unemployment
  - C** to raise the economic growth rate
  - D** to raise the exchange rate