

30 As a member of the European Union, Greece must trade at the same exchange rate, tied to the euro, as stronger economies such as Germany. Greece has a persistent balance of payments deficit.

How would changing to a floating exchange rate help Greece?

- A** Exchange rates will be less volatile which encourages international investment.
- B** Its currency should be less open to attacks by international speculators.
- C** Its currency would be allowed to depreciate which will make its exports more competitive.
- D** The value of its exports and imports will automatically balance.