POLICIES TO COUNTER INFLATION. Fiscal Policy /Demand side policies : to control the amount of demand that is exercised by consumers. Useful with DEMAND PULL inflation Government can increase taxation or decrease government spending . Supply side policies : to expand the productive capacity and total output of the economy/ Useful with DEMAND PULL and COST PUSH inflation Government can support the training or workers, the mobility of workers, encourage business investment etc. Direct Controls : these are measures that the government introduces to manage the economy 1. Introduce a wage or price freeze 2. Introduce a cap on the price businesses can charge for essential goods such as water and electricity.