26 The table shows selected balances from a country's balance of payments account in 2016.

	$US billions
trade in goods	–30
trade in services	+10
primary income balance	+10
secondary income balance	–8
capital & financial flow	+15

What was the country's current account balance in 2016?

A –$3 billion   **B** –$10 billion   **C** –$18 billion   **D** –$20 billion

27 What does the Marshall-Lerner condition state must be present for a depreciation of a currency to cause an improvement in the current account balance?

A The price elasticity of demand for exports and the price elasticity of demand for imports are both greater than one.

B The price elasticity of demand for exports and the price elasticity of demand for imports are both less than one.

C The sum of the price elasticity of demand for exports and the price elasticity of demand for imports is greater than one.

D The sum of the price elasticity of demand for exports and the price elasticity of demand for imports is less than one.

28 What is most likely to be increased by a policy of increased direct taxes and lower government spending?

A the balance of payments deficit

B the budget deficit

C the rate of inflation

D the level of unemployment