

- 17 A teenager received a cheque for \$50 as a birthday gift from her parents. The teenager paid the cheque into her savings account at the bank.

Why is this gift a transfer payment?

- A It did not involve a cash payment.
  - B It transfers money between bank accounts.
  - C The parents did not spend their money.
  - D The teenager did not produce any output.
- 18 What is a necessary characteristic of a public good?
- A It has a fixed maximum price.
  - B It has an opportunity cost of production of zero.
  - C It is non-excludable.
  - D It is an essential good.
- 19 What is **least** likely to change an advanced industrialised economy's terms of trade?
- A its level of labour productivity
  - B its rate of inflation
  - C the maintenance of a stable foreign exchange rate
  - D the occurrence of random supply shocks