

- 21** As part of its trade policy, a government subsidises the cost of machinery used to manufacture goods for export.

How will this affect the balance of payments?

- A** decrease the deficit on the capital account
  - B** decrease the deficit on the current account
  - C** increase the deficit on the capital account
  - D** increase the deficit on the current account
- 22** What is correct about the causes of inflation?
- A** Cost-push inflation can be caused by a rising exchange rate.
  - B** Cost-push inflation can be caused by lower indirect taxes.
  - C** Demand-pull inflation can be caused by a rising exchange rate.
  - D** Demand-pull inflation can be caused by lower direct taxes.
- 23** The figures shown are from New Zealand's balance of payments for 2017 according to data published by Stats NZ in September 2018.

	NZ\$m
capital account balance	1300
current account balance	−7000
financial account balance	7600
goods balance	−3000
services balance	5000

What was the value of the balancing item (net errors and omissions) in NZ\$m?

- A** −3900      **B** −2000      **C** −1900      **D** 5700