

**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