

- 25** An Australian family purchases a holiday to New Zealand and an Australian mining company sells coal to China.

Four students, A, B, C and D, are asked where these transactions appear in the current account of Australia's balance of payments.

Which student is correct?

	holiday to New Zealand	coal to China
<b>A</b>	service export	good export
<b>B</b>	service export	good import
<b>C</b>	service import	good export
<b>D</b>	service import	good import

- 26** What is likely to be the **least** effective store of value during a period of rapid inflation?

- A** antique furniture
- B** fixed interest government securities
- C** houses
- D** shares of industrial companies

- 27** An increase in what will shift the aggregate demand curve in an economy to the right?

- A** budget deficit
- B** consumer savings
- C** general price level
- D** interest rate

- 28** A country's balance of payments current account is in deficit.

How can this be restored to equilibrium, assuming the Marshall-Lerner condition holds?

- A** increase the exchange rate
- B** reduce income tax
- C** reduce primary income
- D** subsidise domestic producers