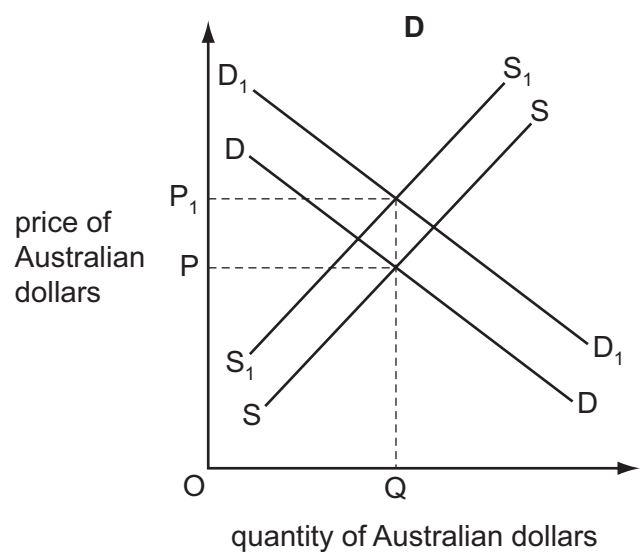
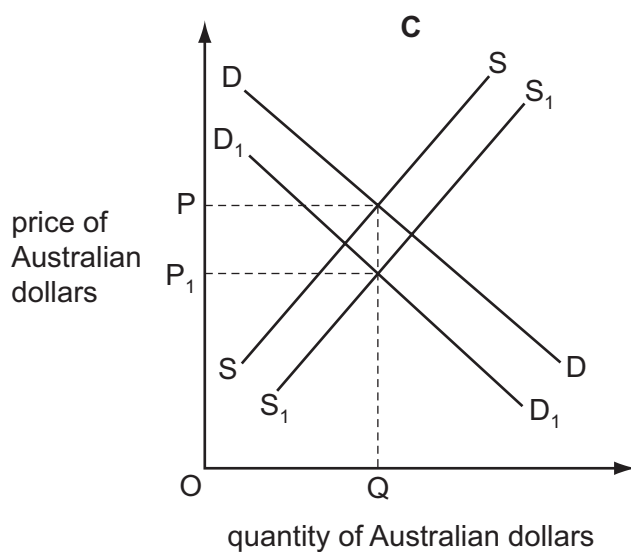
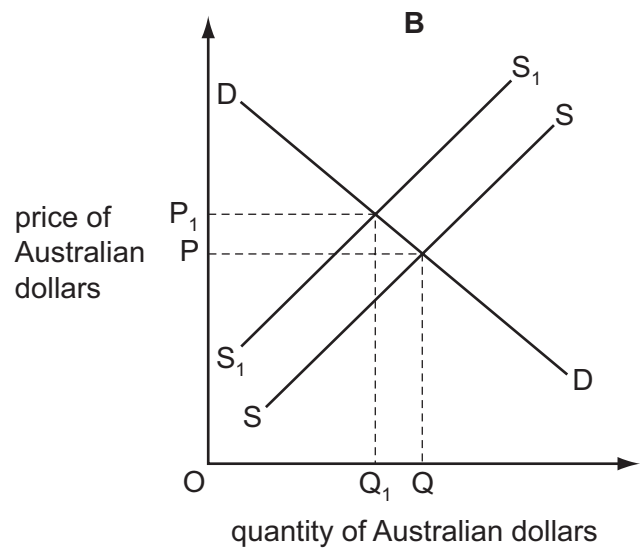
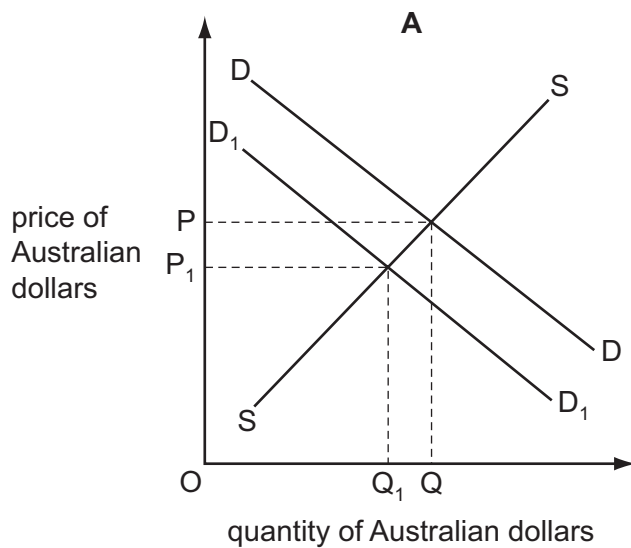


- 27** Australia's spending on imports falls and, at the same time, investment abroad by Australian firms declines.

Which diagram shows the immediate effect of these changes on the market for the Australian dollar?



- 28** Which policy, adopted by a government with the intention of reducing the rate of inflation, might cause a greater deficit on the balance of payments?

- A** higher foreign exchange rates for its currency
- B** higher interest rates for domestic customers
- C** higher subsidies to domestic producers
- D** higher tax rates on consumer incomes