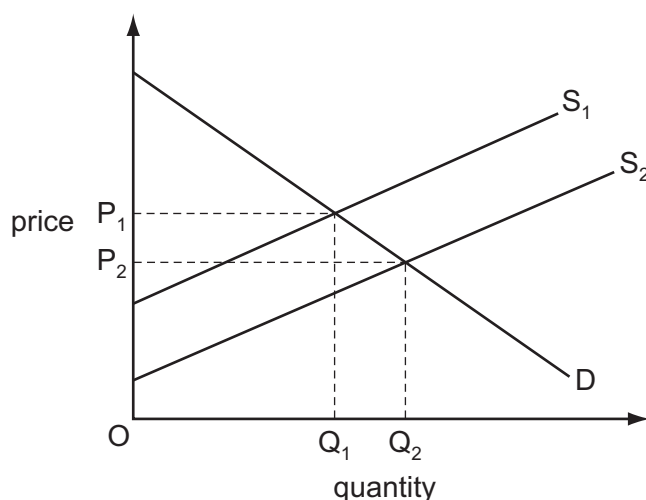


- 18 In the diagram, D is the demand curve for a commodity.  $S_1$  and  $S_2$  are the supply curves before and after an intervention by the government.



What action has the government taken?

- A It has given producers a subsidy to encourage greater output.
  - B It has given a subsidy to consumers.
  - C It has imposed a tax equal to  $P_1 - P_2$  to discourage production.
  - D It has purchased a quantity  $Q_2 - Q_1$  for government use.
- 19 The table shows the ability of two countries, P and Q, to produce two goods, Y and Z.

	production of good Y per person	production of good Z per person
country P	1000	1600
country Q	1500	2000

Which statement is correct?

- A P has an absolute advantage in Z and Q has a comparative advantage in Y.
  - B P has an absolute advantage in Z and Q has an absolute advantage in Y.
  - C P has a comparative advantage in Z and Q has an absolute advantage in Y.
  - D P has a comparative advantage in Y and Q has an absolute advantage in Z.
- 20 What is the least likely outcome for participating countries of a move towards freer trade?
- A greater international specialisation
  - B greater product choice
  - C higher standards of living
  - D more equal distribution of income