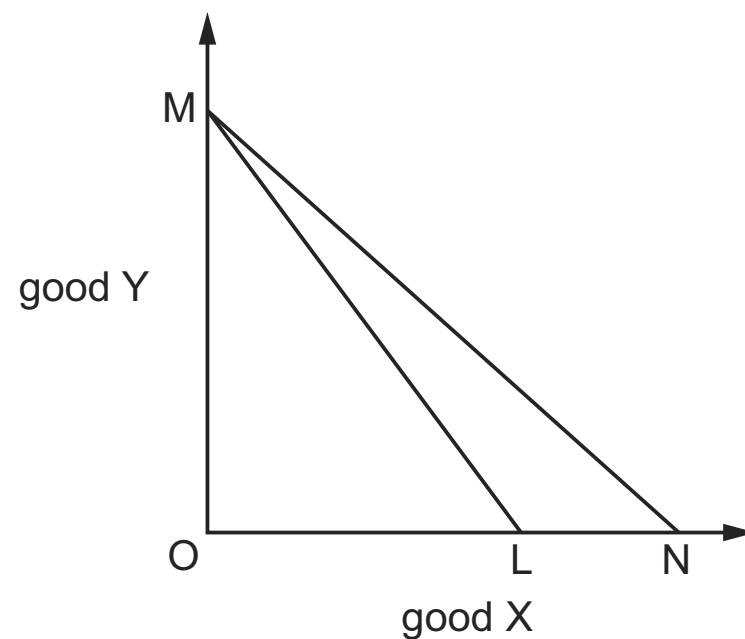


- 19** An economy produces two goods, X and Y.

In the diagram, the line ML is the economy's production possibility curve and the line MN its trading possibility curve.



What does the diagram show?

- A** The economy's consumers prefer good X to good Y.
 - B** The economy's consumers prefer good Y to good X.
 - C** The economy has a comparative advantage in the production of good X.
 - D** The economy has a comparative advantage in the production of good Y.
- 20** A group of people in a country start a campaign for free trade because they believe that it will benefit the economy.

Which argument in favour of free trade is **not** likely to appear in their campaign?

- A** It encourages competition between producers in different countries.
- B** It encourages global specialisation and better product quality.
- C** It gives consumers a greater choice of products from other countries.
- D** It lets countries dump cheap surplus products in other countries.