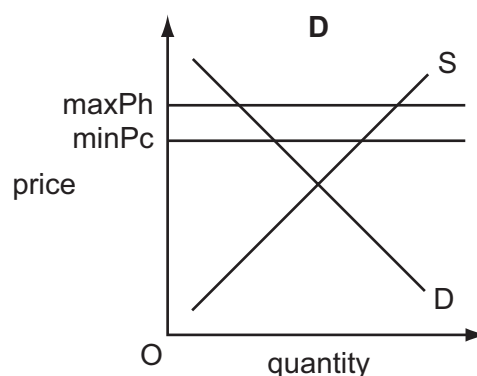
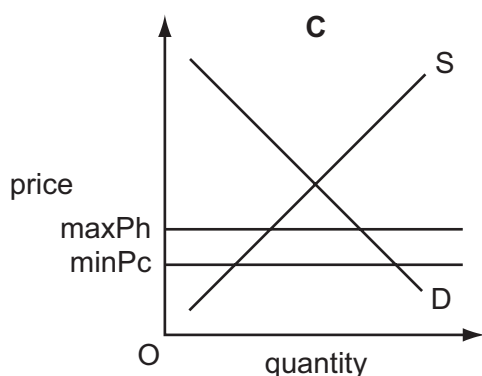
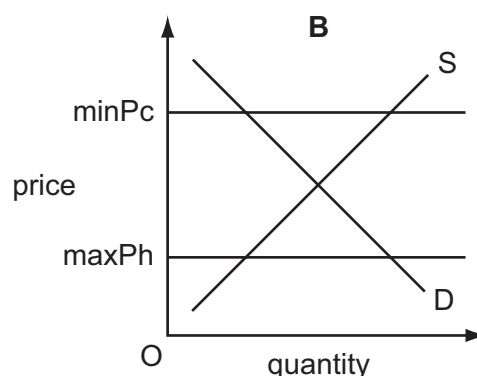
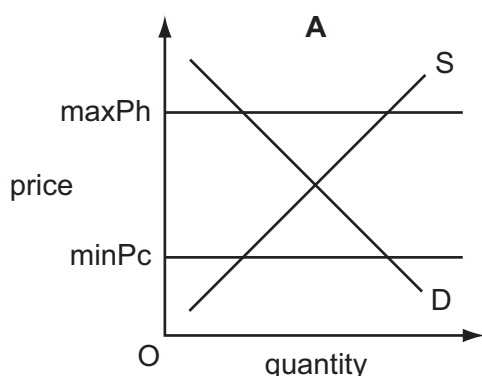


- 18** A government introduces a maximum price for house rentals (maxPh) and a minimum price for cleaning services (minPc).

Which diagram shows that the maximum price will be effective and the minimum price will be ineffective in the respective markets?



- 19** The world consists of two countries, Sealand and Fantasia, both of which produce just two goods, X and Y.

The production of X is land-intensive and the production of Y is labour-intensive.

Sealand has plentiful supplies of both land and labour. Fantasia has a relative scarcity of labour.

What can be deduced from this?

- A** Fantasia is likely to have a comparative advantage in X.
- B** It is unlikely that Fantasia can compete with Sealand in the production of either X or Y.
- C** It is unlikely there would be any benefit to Sealand from trading with Fantasia.
- D** Sealand is likely to have an absolute advantage in both X and Y.