

- 4 In the diagram LM is the production possibility curve of a country that has a comparative advantage in the production of good Y.



What might enable the country to consume the quantities of X and Y indicated by point R?

- A increased specialisation in the production of good X
 - B international trade
 - C a reduction in unemployment
 - D increased specialisation in the production of good Y
- 5 In the diagram, S_1 and D_1 are the initial supply and demand curves for tea.

Which point could represent the equilibrium position in the tea market following a failure in the coffee harvest of a major coffee producer?

