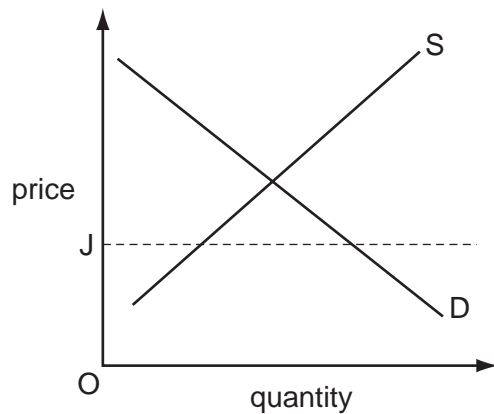


16 The diagram shows the demand and supply curves of a good.

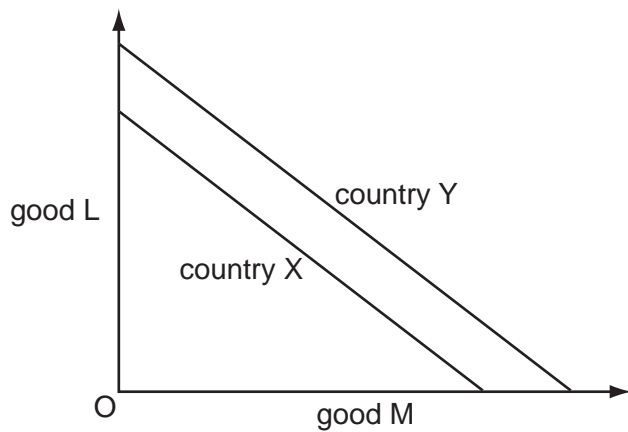


The government sets a maximum price of OJ for the good.

How will this affect the consumers and producers of the good?

	effect on consumers	effect on producers
A	All consumers will gain.	Producers will lose.
B	All consumers will gain.	Producers will gain.
C	Some consumers will gain and some will lose.	Producers will gain.
D	Some consumers will gain and some will lose.	Producers will lose.

17 The diagram shows production possibility curves for two countries, X and Y.



What can be deduced from the diagram?

- A Both countries can benefit from specialisation.
- B Country X has a higher opportunity cost than Y in producing good M.
- C Country Y has a comparative advantage in both goods.
- D Trade between X and Y will not take place.