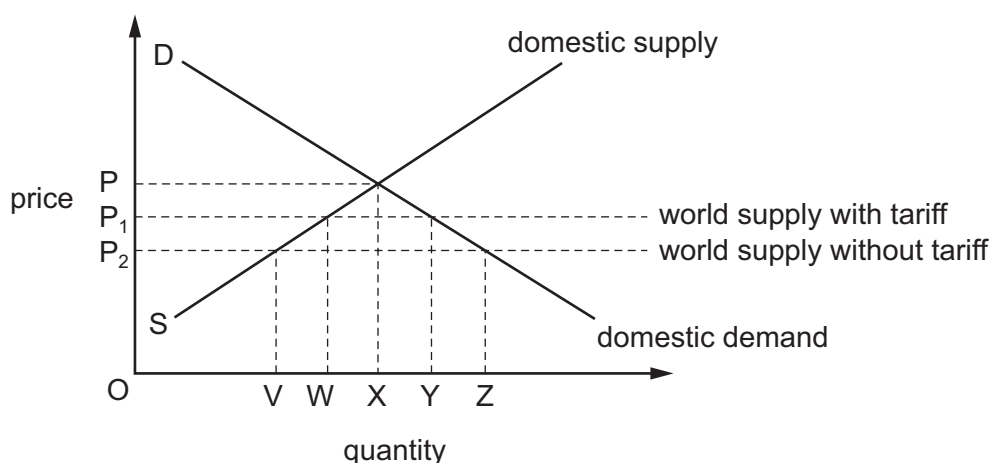


- 26 In each country, P and Q, one person can either produce the quantity of X or the quantity of Y shown.

In which case does country P have absolute advantage in the production of Y and country Q have comparative advantage in the production of X?

	country	product X	product Y
A	P	6	7
	Q	6	9
B	P	10	8
	Q	7	9
C	P	12	6
	Q	8	4
D	P	16	15
	Q	14	8

- 27 A government removes the tariff on a product as shown in the diagram.



What will be the change in domestic production?

- A** a reduction of WV
B a reduction of XV
C a reduction of XW
D a reduction of ZY
- 28 What would be increased by an expansionary fiscal policy?
- A** budget deficit
B exchange rate
C money supply
D rate of direct taxation