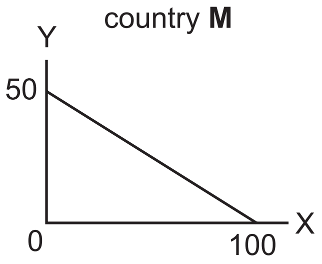
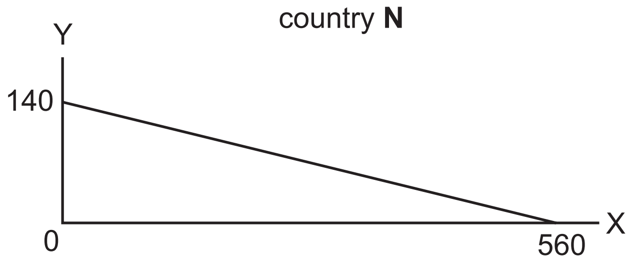
19 The graphs show the production possibilities for commodities X and Y in two countries **M** and **N**.





What will be the effect of an agreement between **M** and **N** to exchange the commodities at a rate of 1Y for 3X?

A Both countries will gain, because their consumption possibilities will increase.

B Consumers in country **M** will lose, because a unit of Y will now cost 3X instead of 2X.

C Only country **N** will gain, because **N** can produce more of both commodities than **M**.

D Neither country will gain, because they both have a comparative advantage in the production of the same commodity, X.

20 The supply of an imported good is shown by curve S.

What will be the new supply curve if an ad valorem (percentage) tariff is imposed on the good?