

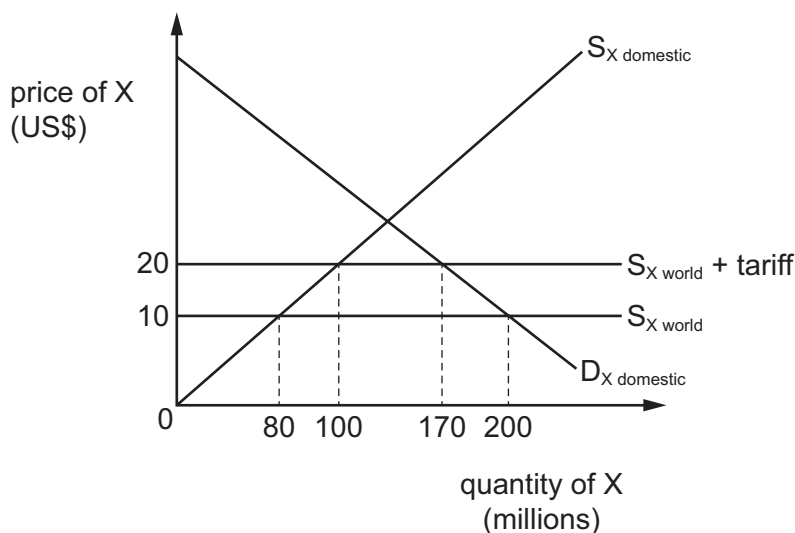
**24** Two statements are shown.

- 1 A country can produce a good at a lower opportunity cost than another country.
- 2 A country can produce a greater quantity of a good for the same quantity of inputs than another country.

What do these two statements describe?

|          | 1                     | 2                     |
|----------|-----------------------|-----------------------|
| <b>A</b> | absolute advantage    | comparative advantage |
| <b>B</b> | absolute advantage    | the terms of trade    |
| <b>C</b> | comparative advantage | absolute advantage    |
| <b>D</b> | the terms of trade    | comparative advantage |

**25** The diagram shows the effect of the introduction of a tariff on good X by country Y.



What is the revenue, in US\$ million, received by producers of good X in country Y after the tariff is introduced?

- A** 400                      **B** 800                      **C** 1000                      **D** 2000

**26** Between 2011 and 2013, retailers reported that expenditure on domestically-produced and imported goods had reduced. This was because consumers did not take out loans as the economy was in a recession.

What is the likely result of this?

- A** a decline in the deficit in the trade account  
**B** a decline in the level of savings  
**C** a decline in the terms of trade  
**D** a decline in unemployment