

- 19** The table shows the output per unit of input of two goods, X and Y, in two countries, 1 and 2.

	output of X per unit of input	output of Y per unit of input
Country 1	70	30
Country 2	50	25

Which statement about the data in the table is correct?

- A** Country 1 has absolute advantage in the production of X and comparative advantage in the production of Y.
  - B** Country 1 has absolute advantage in the production of Y and comparative advantage in the production of X.
  - C** Country 2 has no absolute or comparative advantage.
  - D** Country 2 has comparative advantage in the production of X and no absolute advantage.
- 20** What would reduce an economy's protection against the import of cars?
- A** a lower exchange rate
  - B** a higher quota of imported cars
  - C** a higher tariff on imported cars
  - D** a higher subsidy for domestic car producers
- 21** A country's terms of trade index currently stands at 120 (base year 2000).

Since 2000, the average price of its imports has increased by 25 %.

What has been the change in the average price the country has received for its exports over this period?

- A** -10 %                      **B** +5 %                      **C** +45 %                      **D** +50 %