

**24** If a country is experiencing a period of high inflation, which groups will benefit the most from this?

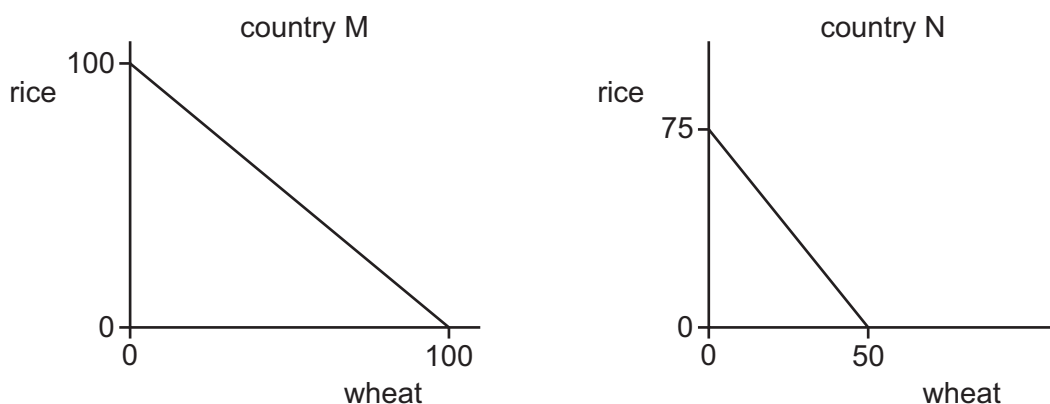
	companies that export the majority of their output	fixed income earners	those with high debts
<b>A</b>	yes	yes	no
<b>B</b>	no	yes	yes
<b>C</b>	yes	no	no
<b>D</b>	no	no	yes

**25** What will definitely change a country's terms of trade?

- 1 when the price of imported raw materials increases
- 2 a change in inflation rates
- 3 an appreciation of the exchange rate

**A** 1, 2 and 3      **B** 1 and 2 only      **C** 1 and 3 only      **D** 2 and 3 only

**26** The world consists of two countries, M and N. The graphs show their production possibilities for wheat and rice.



Countries M and N operate on their production possibility curves and, before specialisation, country M produces 60 units of wheat and country N produces 30 units of wheat.

What will be the change in the world output of **rice** if both countries decide to specialise according to comparative advantage?

- A** It will fall by 5 units.
- B** It will fall by 30 units.
- C** It will rise by 5 units.
- D** It will rise by 30 units.