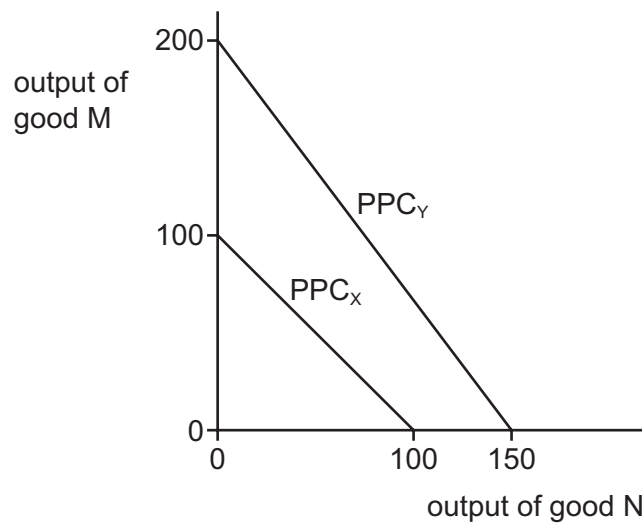


- 20 The diagram shows the production possibility curves (PPCs) for country X and country Y, the only two countries in the world. Both countries produce just two goods, M and N.



Under which terms of trade will **both** country X and country Y benefit from trading with each other?

- A 1M for 0.75N
  - B 1M for 0.8N
  - C 1M for 1N
  - D 1M for 2N
- 21 Why is increased government provision of education most likely to shift the aggregate demand curve to the right?
- A It will increase aggregate supply.
  - B More schools will be built.
  - C The government will have to raise taxes.
  - D Workers will be more highly skilled.
- 22 Which item is **not** included in the current account of a country's balance of payments?
- A exports of services
  - B interest on foreign loans
  - C profits from foreign investments
  - D the purchase of foreign assets