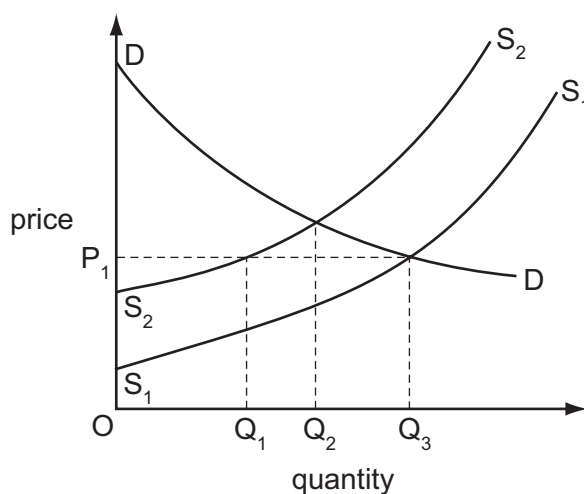


- 18 In the diagram,  $S_1S_1$  and  $DD$  represent the original supply and demand curves for an agricultural product.



Bad weather then reduces supply to  $S_2S_2$ .

How much of the product will the government have to supply from stocks if it wishes to keep the price at  $OP_1$ ?

- A**  $OQ_3$                       **B**  $Q_1Q_3$                       **C**  $Q_1Q_2$                       **D**  $Q_2Q_3$
- 19 What would cause a country to lose its comparative advantage in producing rice?
- A** Another country becomes able to produce rice at a lower opportunity cost.
- B** There is a global fall in demand for rice.
- C** There is a fall in tariffs imposed by rice importers.
- D** Transport costs to and from another country producing rice decrease.