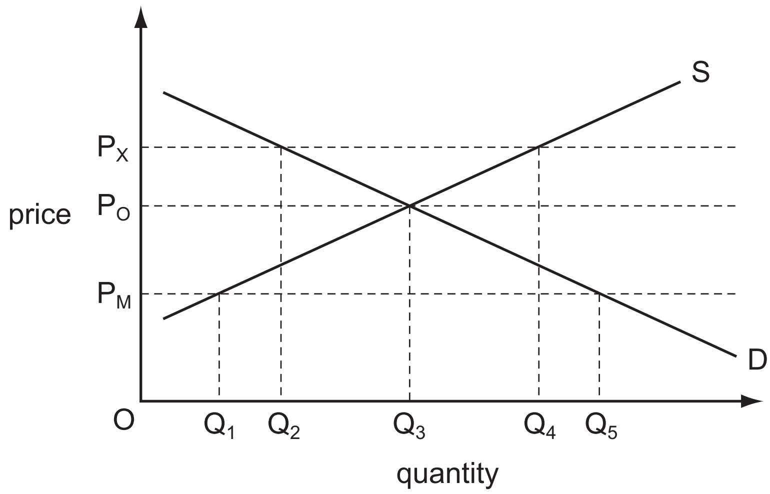
18 The diagram shows the market for spectacles. Initially the market equilibrium price is P_O and quantity Q_3 is bought and sold.



The government then sets both a maximum price of P_X and a minimum price of P_M.

What effect will these measures have on the market for spectacles?

A create a shortage of spectacles equal to Q_1Q_5

B create a surplus of spectacles equal to Q_2Q_4

C create a surplus of spectacles equal to Q_3Q_4

D leave the quantity bought and sold unchanged

19 Thailand produces rubber at a lower opportunity cost than China. It does, however, import some rubber from China.

What could explain Thailand importing rubber from China?

A China imposes lower tariffs on rubber imports than Thailand.

B China is consuming increasing quantities of rubber in industry.

C Thailand has the absolute but not the comparative advantage in rubber production.

D Thailand wants to avoid the risks involved in overspecialising in rubber production.