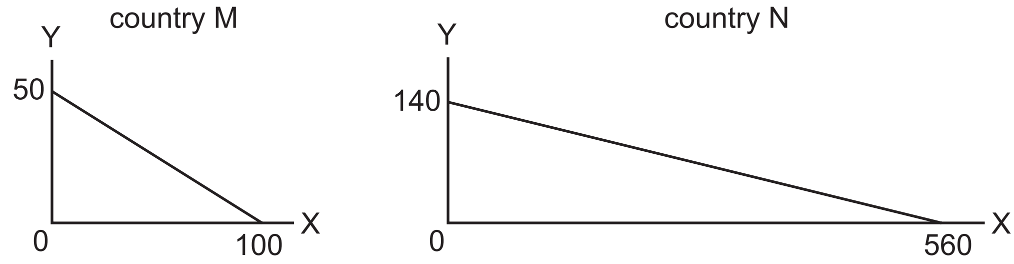
21 The graphs show the production possibilities for commodities X and Y in two countries M and N.



What will be the effect of an agreement between M and N to exchange the commodities at a rate of 1Y for 3X?

A Both countries will gain, because their consumption possibilities will increase.

B Consumers in country M will lose, because a unit of Y will now cost 3X instead of 2X.

C Only country N will gain, because N can produce more of both commodities than M.

D Neither country will gain, because they both have a comparative advantage in the production of the same commodity, X.

22 What is **not** an item in a country's current account of its balance of payments?

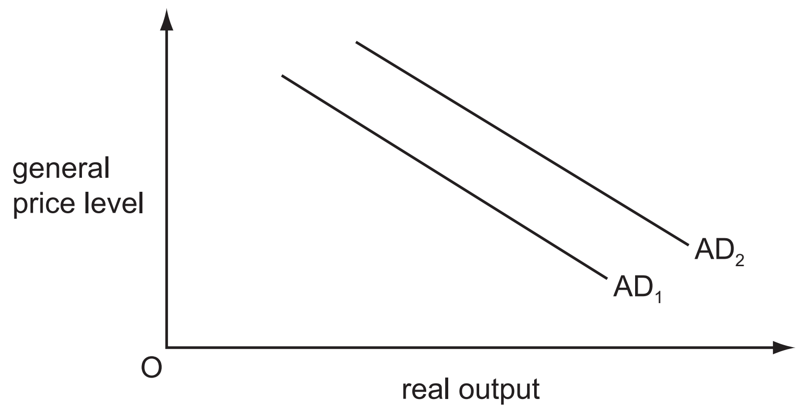
A exports of primary commodities

B money received from banking services

C overseas investment

D profits sent back by companies overseas

23 In the diagram, AD_1 is an economy's initial aggregate demand curve.



What could cause the curve to shift to AD_2?

A Businessmen have come to expect a lower rate of return on capital investment.

B Domestic consumers have become more thrifty.

C Exports have become more competitive in overseas markets.

D The economy's propensity to import has increased.