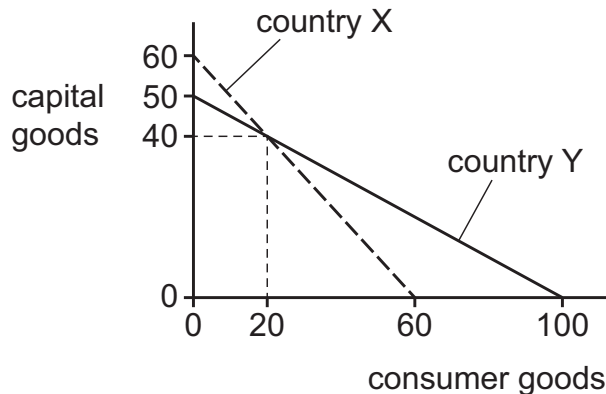


- 2 The diagram shows the production possibility curves of two countries, X and Y.



What can be concluded from the diagram?

- A Both countries have decreasing opportunity cost in the production of consumer goods.
- B Both countries should produce 40 units of capital goods and 20 units of consumer goods.
- C Country Y has constant opportunity cost in the production of consumer goods.
- D Country Y is producing more consumer goods than country X.