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Question 27 (Answer: **A**)

- International specialisation lets each country produce what it does relatively best.
- That raises world output and allows economies of scale.
- Consumers gain lower prices and a wider choice of goods.

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Question 16 (Answer: **A**)

- Many small firms can only survive if entry to the industry is easy.
- So barriers to entry must be low.
- High research spending and large economies of scale would push the industry towards a few large firms instead.

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Question 16 (Answer: **B**)

- A monopoly is more likely where one firm can supply the whole market most cheaply.
- Significant economies of scale mean average cost keeps falling with output.
- Consumers wanting variety, or low barriers to entry, would make monopoly *less* likely.

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Question 27 (Answer: **A**)

- Specialisation lets each country concentrate on what it produces relatively best.
- That raises output and allows economies of scale, so costs and prices fall.
- Consumers therefore gain lower prices and better quality, plus greater choice.

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Question 16 (Answer: **B**)

- A monopoly restricts output and raises price, which harms consumers.
- But a single large firm can exploit economies of scale.
- If those cost savings are passed on, prices could be lower – that is the possible advantage.

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Question 8 (Answer: **C**)

- A pure market system has no government, so no public goods and no regulation.
- Monopolies, pollution and inequality can all arise in a market – indeed markets tend to produce them.
- What *cannot* occur is anything requiring state provision or state intervention.