

- 1 A worker earns \$40 per hour. Rather than work, she decides to visit a museum for three hours. The visit costs a total of \$40.

What is the opportunity cost of visiting the museum?

- A \$40 B \$80 C \$120 D \$160

- 2 The nature of a typical car assembly plant has changed. The industry has fewer firms, operates on larger sites and has more automated machinery.

How is this change most likely to have affected the relative use of factors of production in the industry?

| | increased relative use | decreased relative use |
|---|------------------------|------------------------|
| A | capital and enterprise | labour and land |
| B | enterprise and labour | land and capital |
| C | labour and land | capital and enterprise |
| D | land and capital | enterprise and labour |

- 3 Which item would be **least** likely to be classed as land?

- A fertilisers
B fisheries
C forests
D coal

- 4 Why does the concept of scarcity apply to the use of fossil fuels?

- A Demand fluctuates according to price changes.
B Supply is insufficient to meet demand.
C Their use is restricted because of harmful pollution.
D They are being replaced by renewable energy sources.

- 5 An economist knows the current point at which an economy operates within its production possibility curve.

What can the economist conclude about this economy?

- A its degree of self-sufficiency
B its international competitiveness
C its level of output of two goods
D its rate of economic growth