1 What distinguishes the very long run from the long run?

A the ability to change resource allocation

B the ability to change the state of technology

C the absence of government market intervention

D the existence of variable factors of production

2 What is least likely to happen if a firm decides to increase automation and division of labour in its production process?

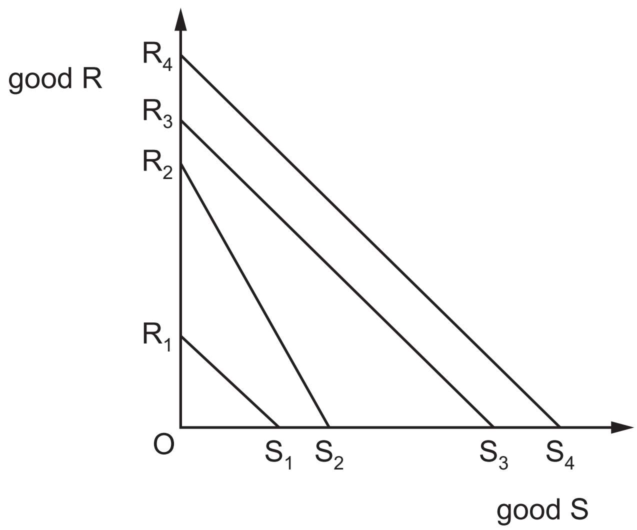
A an increase in cost per unit

B an increase in productivity

C an increase in the firm's profits

D an increase in the number of workers employed

3 R_1S_1, R_2S_2, R_3S_3 and R_4S_4 are production possibility curves (PPC) for four different countries 1, 2, 3 and 4.



Which statement about the opportunity cost of good R in terms of good S is **not** correct?

A It is greater at all points on R_4S_4 than on R_3S_3.

B It is greater in country 3 than country 2.

C It is lower in country 2 than country 1.

D It is the same at each point on R_3S_3.