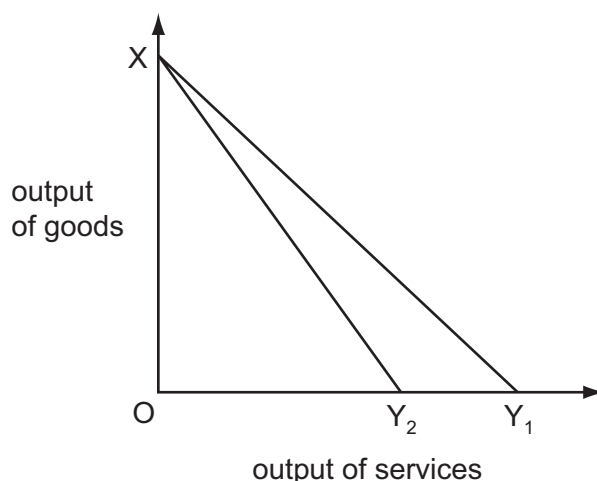


- 1 The diagram shows the production possibility curve (PPC) of an economy that produces goods and services.



What might cause the shift of the PPC from  $XY_1$  to  $XY_2$ ?

- A** a decrease in the demand for services
  - B** a decrease in the efficiency in the production of services
  - C** a decrease in the opportunity cost of producing services
  - D** a decrease in the resources employed in services
- 2 An economy has changed from a command economy to a market economy.
- What might increase after this change?
- A** the amount of centralised decision making
  - B** the extent of externalities
  - C** the level of government economic intervention
  - D** the production of merit goods
- 3 What is most likely to be a result from the division of labour?
- A** a decrease in job satisfaction
  - B** a decrease in productivity
  - C** an increase in the cost of living
  - D** an increase in unit labour costs