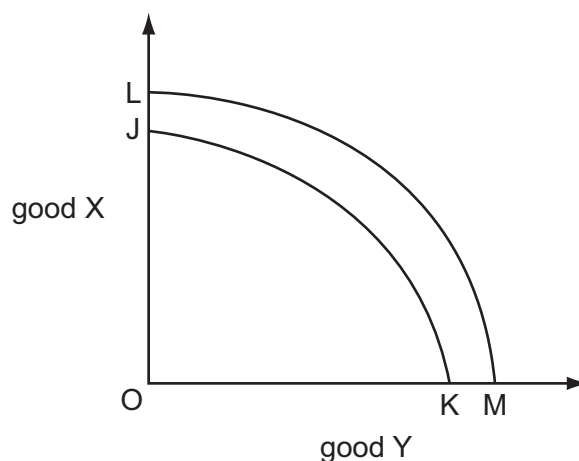


- 1 The term 'transition economy' is used to describe a country that is
- A adopting capital-intensive methods in place of labour-intensive methods.
 - B moving from central planning towards the market system.
 - C replacing a trade deficit with a trade surplus.
 - D substituting manufacturing output for agricultural output.

- 2 In the diagram, the curve JK is a country's production possibility curve.



What could cause the curve to shift to LM?

- A a decrease in the participation rate
 - B a decrease in the unemployment rate
 - C an increase in the dependency ratio
 - D an increase in the population of working age
- 3 What is the opportunity cost to a fully employed economy of increasing capital investment?
- A a fall in consumption
 - B a fall in income
 - C a rise in saving
 - D a rise in the rate of interest