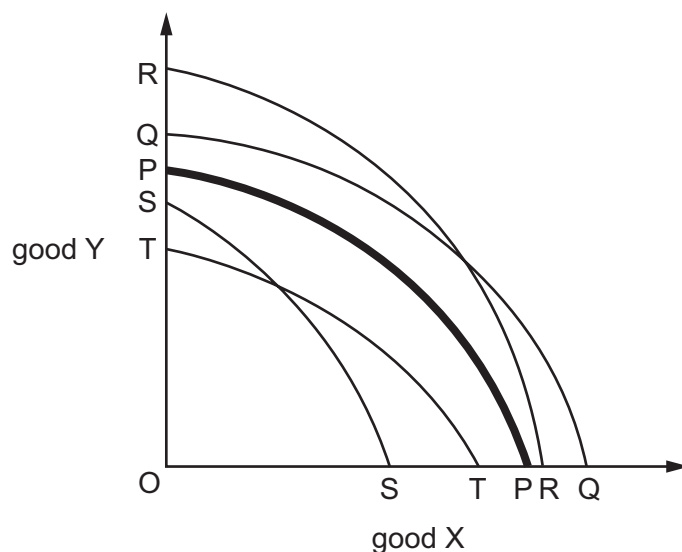


- 3 The curve PP in the diagram is the production possibility curve for a country producing goods X and Y. The production of X is more labour-intensive than the production of Y.



The working hours of the labour force are reduced by law.

Which curve could be the country's new production possibility curve?

- A** TT                      **B** SS                      **C** QQ                      **D** RR
- 4 The provision of which service by governments could be explained by the concept of public goods?
- A** education  
**B** health services  
**C** law enforcement  
**D** public libraries
- 5 Which change does **not** have an immediate effect on the position of the demand curve for a product?
- A** a fall in the price of a complementary product  
**B** a range of new products entering the market  
**C** a rise in the labour costs of its production  
**D** an increase in the price of a substitute product