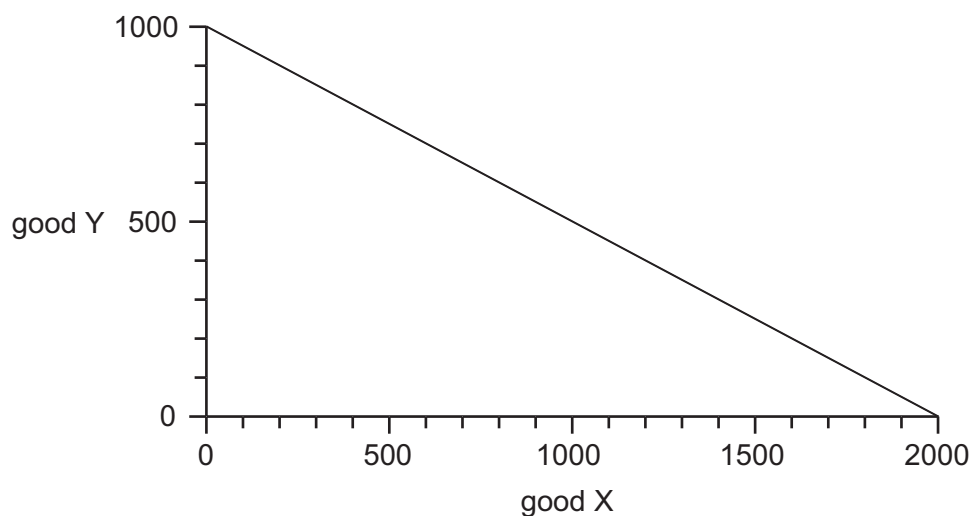


- 1 The diagram shows a production possibility curve for an economy that produces only two goods, X and Y.



The economy produces 400 of good Y and produces on its production possibility curve.

Which quantity of good X is given up?

- A** 600                      **B** 800                      **C** 1200                      **D** 1600
- 2 Planned economies had a history of failing to produce enough consumer goods.
- Which method of allocating these goods in short supply involved a market system approach?
- A** equal rationing to people according to their family size  
**B** official sale to people according to their ability to queue  
**C** selective distribution to people according to their occupation  
**D** unofficial sale to people according to their willingness to pay
- 3 What is necessarily a function of enterprise rather than management?
- A** accepting the risks involved in production  
**B** deciding how much labour should be employed  
**C** organising the other factors of production  
**D** promoting the sale of the product