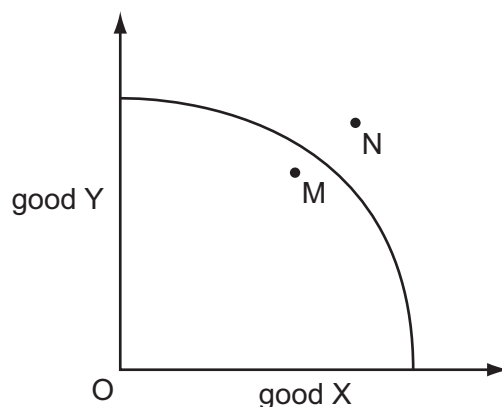


1 What will encourage a higher degree of division of labour?

- A firms wishing for a greater level of self-sufficiency
- B firms wishing to increase their flexibility in production
- C firms wishing to raise their level of productivity
- D firms wishing to reduce their level of risk

2 The diagram shows a country's production possibility curve.



What could allow the economy to move from M to N in the long run?

- A an increase in consumer spending
- B an increase in demand for exports
- C an increase in government spending on pensions
- D an increase in investment

3 Which statement about factors of production is correct?

- A All factors of production can earn income for their owner.
- B The factor capital includes human capital, money capital and physical capital.
- C The factor labour involves only physical effort.
- D The natural resources classed as land are in unlimited supply.

4 A website compares the prices of groceries.

Which function of money is illustrated by this?

- A medium of exchange
- B standard of deferred payment
- C store of value
- D unit of account