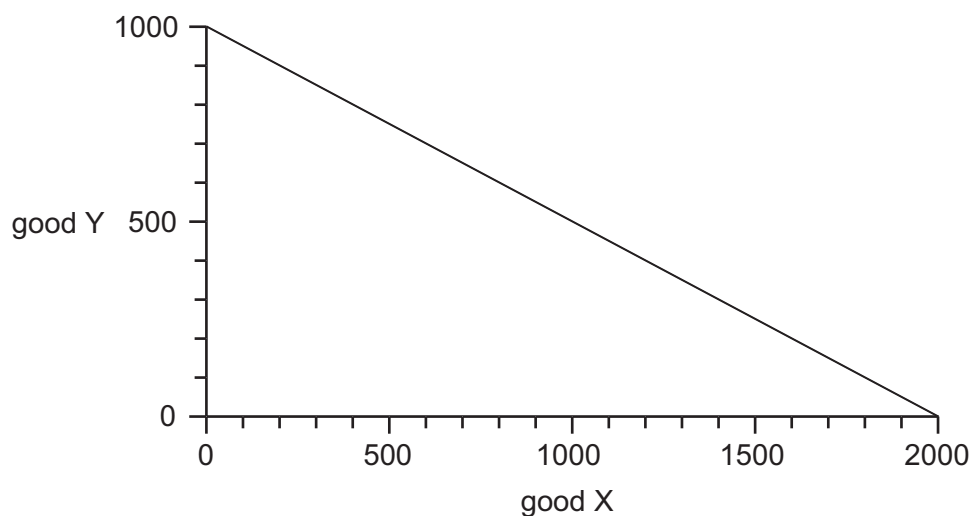


- 1 The diagram shows a production possibility curve for an economy that produces only two goods, X and Y.



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