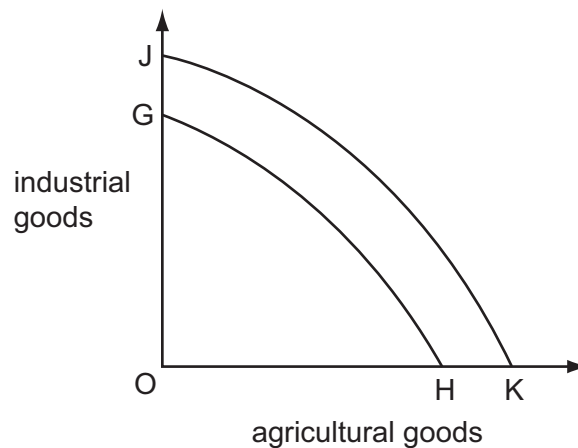


- 1 The term 'transition economy' is used to describe a country that is
- A adopting capital-intensive methods in place of labour-intensive methods.
  - B moving from central planning towards the market system.
  - C replacing a trade deficit with a trade surplus.
  - D substituting manufacturing output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



What could cause the curve to shift to GH?

- A a decrease in innovation
  - B an increase in the retirement age
  - C an increase in the price of energy
  - D an increase in the unemployment rate
- 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