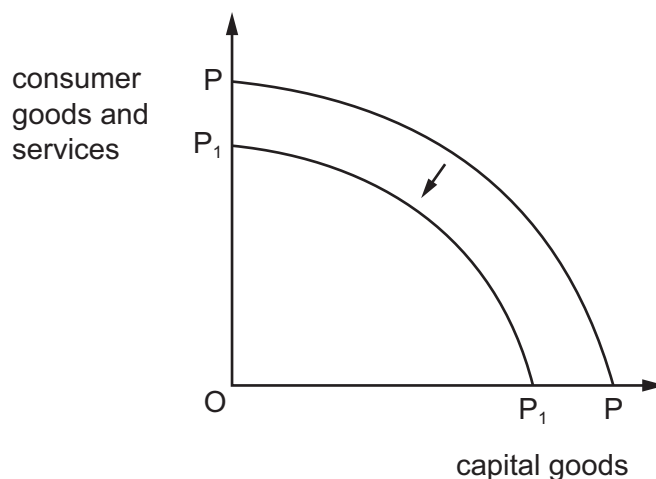


- 1 A production possibility curve for a country is shown.



What would cause the shift from PP to  $P_1P_1$ ?

- A application of more machinery used in manufacturing
  - B productivity decreases
  - C scientific methods applied to farming
  - D switch from production of consumer goods to capital goods
- 2 A government wants to move its economy away from central planning towards a market economy.
- Which policy would be consistent with this aim?
- A introduce tariffs on imported goods
  - B privatise the ownership of electricity generation
  - C provide free education for primary school pupils
  - D reduce prices of foods such as wheat and rice
- 3 What would be a determinant of a country's production possibility curve boundary?
- A the capital invested in infrastructure
  - B the level of price and wage inflation
  - C the level of unemployed labour
  - D the volume of imports and exports