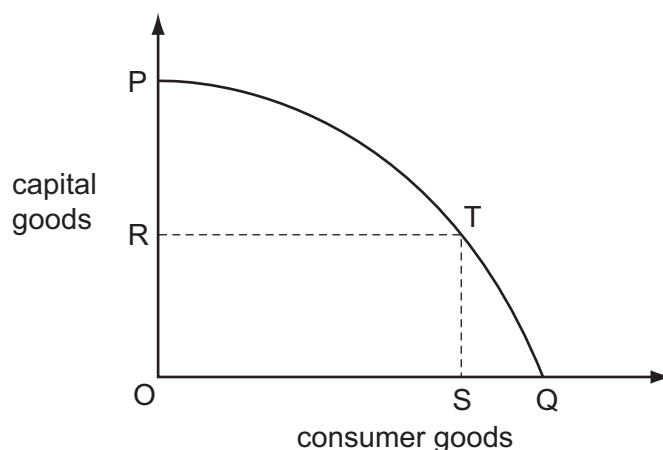


- 1 Why can division of labour benefit an economy?
 - A Costs of trading are reduced.
 - B Individual workers learn a wider range of skills.
 - C Less money is required as a medium of exchange.
 - D The total supply of goods and services rises.

- 2 The production possibility curve for an economy producing capital goods and consumer goods is represented by the line PQ.



What is the opportunity cost of producing OS of consumer goods?

- A OR of capital goods
 - B PR of capital goods
 - C SQ of consumer goods
 - D SQ of consumer goods + PR of capital goods

- 3 How is labour allocated in a market economy and in a planned economy?

	market economy	planned economy
A	according to changes in wage levels	according to the profit motive
B	according to demand and supply in product markets	according to input-output analysis
C	according to government decisions	according to the price mechanism
D	according to government microeconomic and macroeconomic policies	according to consumer surplus