

1 What is **not** a factor of production?

- A fish stocks
- B money
- C oil reserves
- D roads

2 Two workers, George and Zaheer, can produce the following amounts in one working day if they concentrate on producing only one of the products.

	units of food		units of clothing		pairs of shoes
George	9	or	18	or	36
Zaheer	15	or	45	or	30

First they decide to produce for themselves the 6 units of food they need to survive. Then they specialise in the product at which they are relatively efficient.

What will be the total output of clothing and shoes, in addition to the 12 units of food, that is produced in one working day?

	units of clothing	pairs of shoes
A	6	18
B	21	22
C	27	12
D	36	12

3 A centrally planned economy introduces a significant role for free market forces in determining how its economic resources are allocated.

What is most likely to occur in the short run?

- A an improvement in the balance of trade
- B an increase in the general level of prices
- C an increase in the level of employment
- D an increase in the level of output