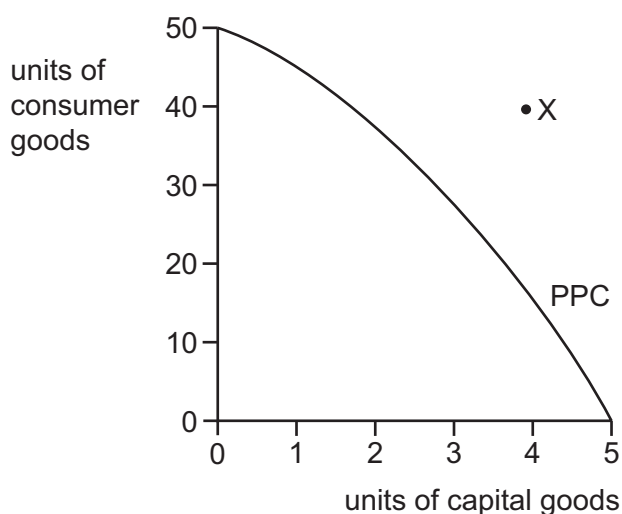


- 1 The diagram shows a production possibility curve (PPC). It indicates the combinations of consumer goods and capital goods produced by an economy using all its available resources.



What does position X indicate?

- A a lower ratio of capital to consumer goods is necessary to achieve economic growth
 - B increasing levels of unemployment
 - C insufficient factors of production are available
 - D too many consumer goods are causing a fall in economic growth
- 2 What is produced in a mixed economy but **not** in a free market economy?
- A demerit goods
 - B free goods
 - C private goods
 - D public goods
- 3 Earth observation satellites designed to acquire information are close to the theoretical case of a public good. In 2011, the World Meteorological Organisation estimated that improving satellite observations would cost an extra \$1 billion a year.

What is a normative statement about Earth observation satellites?

- A The estimated cost of improving satellite observations is \$1 billion a year.
- B The information received from the satellites is non-rival.
- C The satellites are designed to acquire the best possible information on climate change.
- D The responsibility for the cost of Earth observation satellites should be shared by all governments.