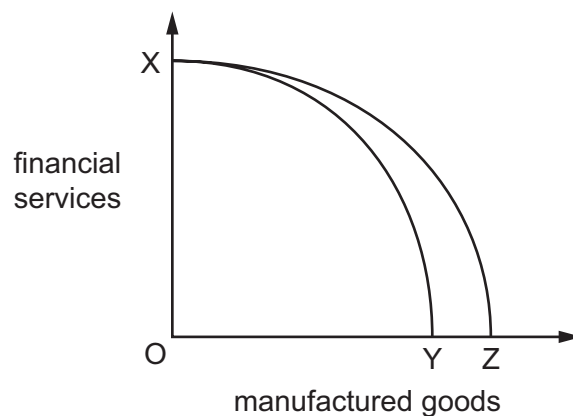


- 3 In the diagram XY is an economy's production possibility curve.



What could cause the curve to shift to XZ?

- A** a fall in productivity in manufacturing
 - B** a fall in the price of manufactured goods
 - C** a higher demand for manufactured goods
 - D** an improvement in manufacturing technology
- 4 Very heavy rain often causes houses to flood. The government protects the area with flood defence schemes while households buy sandbags to protect their houses.

How would an economist classify these items?

	flood defence schemes	sandbags
A	merit goods	private goods
B	merit goods	public goods
C	public goods	private goods
D	public goods	public goods