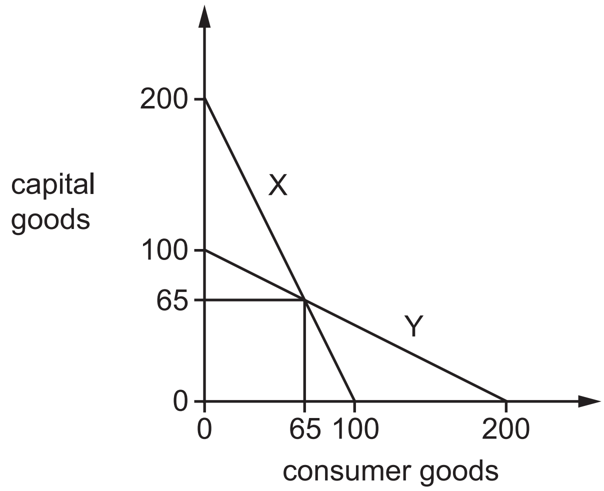
3 The diagram shows the production possibility curves of two economies, X and Y.



Which statement about the two economies is correct?

A Both economies always have identical opportunity costs.

B Both economies have the same future growth prospects.

C The opportunity costs are constant in each economy.

D The terms of trade for both countries will be one capital good for one consumer good.

4 A production possibility curve shows labour-intensive farming output and capital-intensive manufacturing output.

What would **not** cause a shift in this curve?

A a reduction in sales tax on manufactured products

B better training of workers in the manufacturing sector of the economy

C improvements in the productivity of agricultural machinery

D the reclamation of land to be used for both agriculture and manufacturing

5 In calculating the short-run supply schedule for a firm, what is assumed to remain unchanged?

A the number of consumers

B the price of the good

C the quantities of all factors

D the state of technology