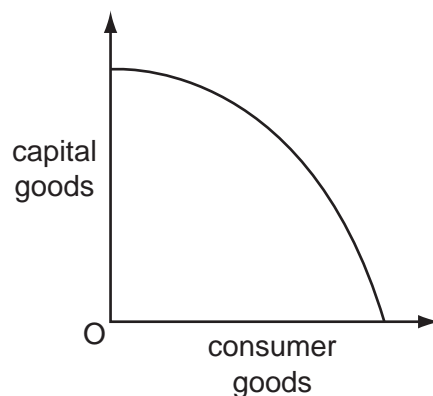


- 1 What is the central problem for an economy?
- A to achieve maximum growth in production
 - B to allocate resources between alternative uses
 - C to ensure all resources are fully exploited
 - D to overcome inequalities in income distribution
- 2 What are most likely to be disadvantages found in a market economy?
- A economic growth and state-owned companies
 - B merit goods and free competition
 - C public goods and economic specialisation
 - D unemployment and external costs
- 3 The diagram shows the production possibility curve of an economy.



Which statement explains the shape of this curve?

- A More efficient workers are drawn away from the production of consumer goods.
 - B Resources cannot be switched between producing capital and consumer goods.
 - C The economy is more efficient at producing capital than consumer goods.
 - D The opportunity cost of producing capital goods increases the more capital goods are made.
- 4 What is a correct statement about money?
- A Its functions mean the characteristics that it possesses.
 - B Its liquidity means its use as legal tender.
 - C Its supply means the total value of banknotes in circulation.
 - D Its value means its purchasing power.