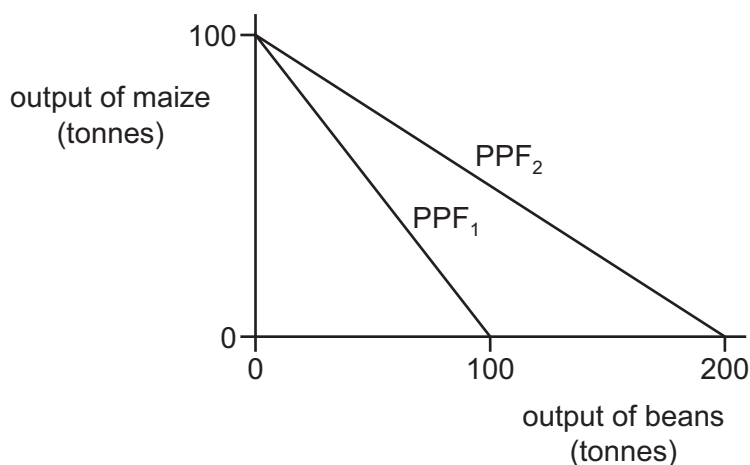


- 1 What must follow when scarcity exists?
  - A Consumers have to make choices.
  - B Governments are unable to supply public goods.
  - C Producers must be misallocating resources.
  - D Workers must be earning low wages.
  
- 2 What is likely to be introduced in the market for bus travel if an economy moved from a mixed economy to a market economy?
  - A allowing companies to bid for bus routes
  - B free bus travel for school children
  - C maximum prices for bus travel
  - D subsidies to bus operators
  
- 3 The diagram shows that the production possibility frontier of maize and beans has changed from  $PPF_1$  to  $PPF_2$ .



What has happened to the opportunity cost of maize and the returns to factors producing beans?

	opportunity cost of maize	returns to factors producing beans
<b>A</b>	fallen	fallen
<b>B</b>	fallen	risen
<b>C</b>	risen	fallen
<b>D</b>	risen	risen