

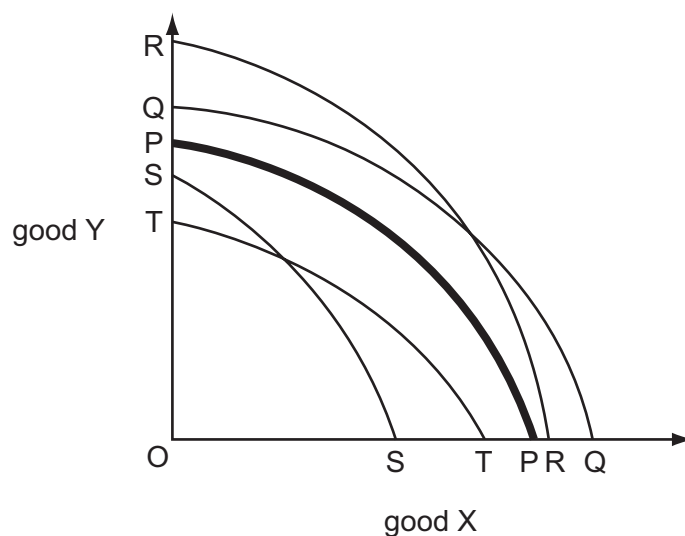
- 1 An individual has an appointment with his bank manager.

He has a choice between travelling to the appointment by car, or leaving the car at home and travelling by bus and then by train. The costs of the journey are given below.

	\$
bus fare	2
train fare	3
car parking charge	4
petrol	2
car wear and tear costs	1

Given this information, what is the opportunity cost to the individual of travelling by car rather than by bus and train?

- A \$2                      B \$4                      C \$7                      D \$12
- 2 The curve PP in the diagram is the production possibility curve for a country producing goods X and Y. The production of X is more labour intensive than the production of Y.



The working hours of the labour force are reduced by law.

Which curve could be the country's new production possibility curve?

- A TT                      B SS                      C QQ                      D RR