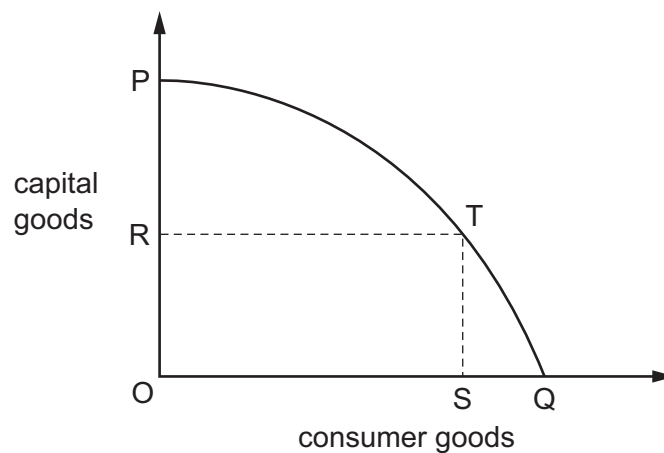


- 1 To increase production a firm in industry X needs to install capital equipment, while a firm in industry Y needs to research and introduce a new technology.

What time periods are illustrated by these cases?

	industry X	industry Y
<b>A</b>	short run	long run
<b>B</b>	long run	long run
<b>C</b>	long run	very long run
<b>D</b>	very long run	very long run

- 2 The production possibility curve for an economy producing capital goods and consumer goods is represented by the line PQ.



What is the opportunity cost of producing OS of consumer goods?

- A** OR of capital goods
- B** PR of capital goods
- C** SQ of consumer goods
- D** SQ of consumer goods + PR of capital goods