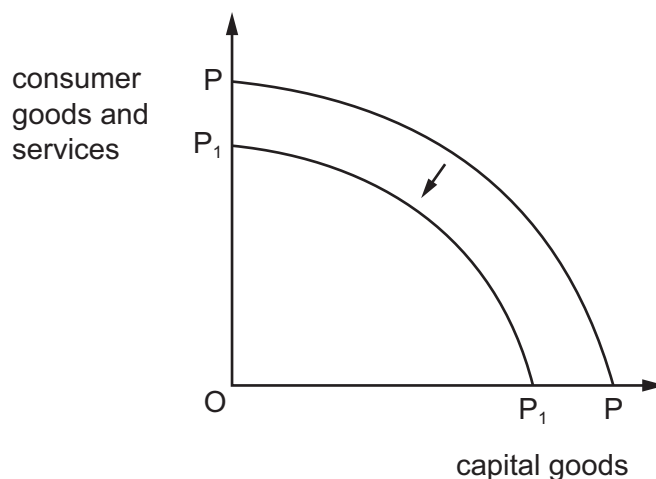


- 1 A production possibility curve for a country is shown.



What would cause the shift from PP to P_1P_1 ?

- A application of more machinery used in manufacturing
 - B productivity decreases
 - C scientific methods applied to farming
 - D switch from production of consumer goods to capital goods
- 2 A government wants to move its economy away from central planning towards a market economy.
- Which policy would be consistent with this aim?
- A introduce tariffs on imported goods
 - B privatise the ownership of electricity generation
 - C provide free education for primary school pupils
 - D reduce prices of foods such as wheat and rice
- 3 What would be a determinant of a country's production possibility curve boundary?
- A the capital invested in infrastructure
 - B the level of price and wage inflation
 - C the level of unemployed labour
 - D the volume of imports and exports