

- 1 A factory introduces an automated production line to take advantage of division of labour.

What is most likely to increase?

- A average cost of production
 - B job satisfaction of workers
 - C range of skills of each worker
 - D worker productivity
- 2 Consumers do not use enough of a product to maximise their private benefit because they have imperfect information about the product.

How would an economist classify this product?

- A demerit good
 - B free good
 - C merit good
 - D public good
- 3 The table shows different combinations of rings and bracelets that can be produced by Luke and Zoe in the same time period.

Luke		Zoe	
rings	bracelets	rings	bracelets
18	0	20	0
12	6	16	8
6	12	12	16
0	18	8	24

Which statement is **not** correct?

- A Luke has a larger opportunity cost than Zoe for making bracelets.
- B The opportunity cost of producing rings is constant for both Luke and Zoe.
- C Zoe should specialise in making rings.
- D Zoe's opportunity cost for each bracelet is 2 rings.