

27 What is an advantage of international specialisation?

- A Choice is limited.
- B Countries become over-dependent on each other.
- C Resources are used more efficiently.
- D Transport costs are decreased.

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4 What is **not** a function of prices in a market economy?

- A prices allow income to be distributed equally
- B prices ration scarce resources among economic agents
- C prices rise and fall to reflect shortages and surpluses
- D prices send information to consumers and producers

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5 There are three key questions to be decided in determining resource allocation within an economy.

What does **not** relate to one of the choices in the three key questions?

- A whether all income groups receive the output
- B whether consumer or industrial goods are produced
- C whether economic goods or free goods are supplied
- D whether labour or capital is used in production