

- 2 Which term describes the loss of potential benefit to a consumer when making a choice between alternatives?
- A opportunity cost
  - B scarcity
  - C shortage
  - D the economic problem

- 2 A Swiss multinational food manufacturer increased prices for its products by an average of 8% in 2022. It increased its prices in the USA by 11.6%. This multinational company (MNC) is one of the world's oldest MNCs. It started as a small firm but has grown over the last 160 years. Over this period, its decisions have always been influenced by opportunity cost.

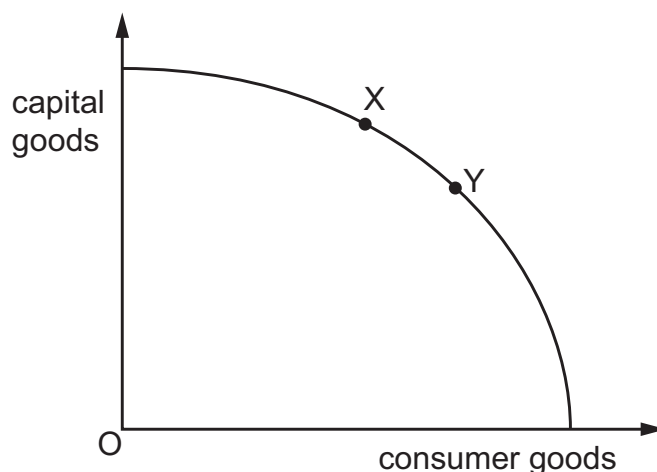
- (a) Define *multinational company*. [2]
- (b) Explain **two** reasons why a firm may charge a different price for the same product in two different countries. [4]
- (c) Analyse how opportunity cost influences the decisions made by consumers, workers and producers. [6]
- (d) Discuss whether or not consumers would benefit from an increase in the number of small firms in an industry. [8]

- 9 A government intends to build a new road through a forest.

What will be an external cost of this?

- A the cost of building the road
- B the loss suffered by those who would have used the forest
- C the cost of maintaining the road
- D the new jobs created from the construction of the road

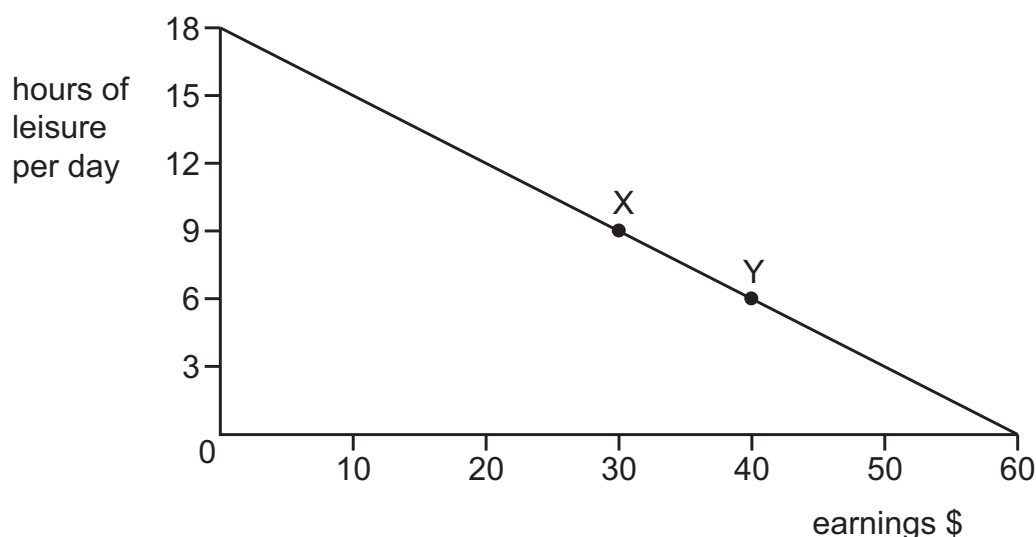
- 3 The diagram shows the production possibility curve (PPC) for an economy.



Which cost can be determined as the economy moves along its PPC from point X to point Y?

- A the opportunity cost of producing more capital goods
- B the opportunity cost of producing more consumer goods
- C the social cost of producing more capital goods
- D the social cost of producing more consumer goods

- 3 The diagram shows the choices for an individual between leisure and earnings.



What is the opportunity cost to the individual of the extra earnings when moving from position X to position Y?

- A \$10
- B \$40
- C 3 hours of leisure per day
- D 6 hours of leisure per day