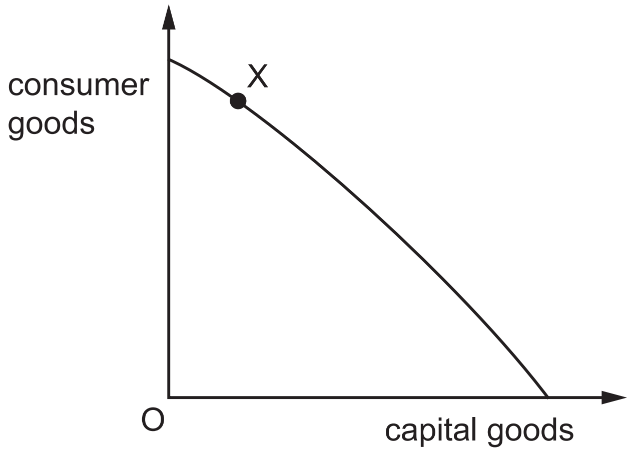
3 An economy produces different types of goods using its limited resources. This can be illustrated by a production possibility curve (PPC).



What does point X on the PPC show?

A All resources are used for the production of consumer goods.

B More resources are allocated to producing capital goods than consumer goods.

C Resources are allocated to produce a mixture of consumer goods and capital goods.

D Total resources are not being fully utilised for production of these goods.

5 What necessarily describes the market system?

A all resources used to produce consumer goods

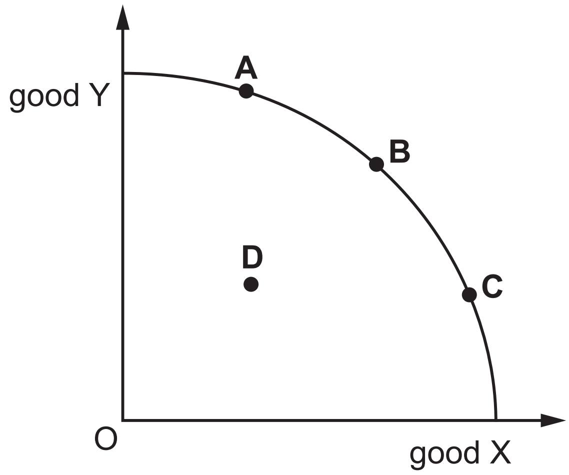
B an economy with both a private and a public sector

C limited resources but unlimited wants

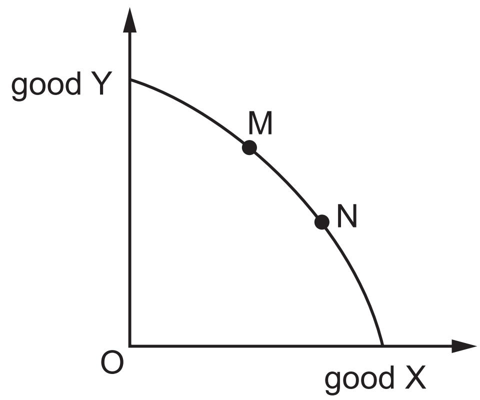
D resources allocated through demand and supply

3 The diagram shows a production possibility curve (PPC) for an economy that produces two goods, X and Y.

Which point shows the greatest opportunity cost of producing one more unit of good X?



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



What is the reason for the economy moving from point M to point N?

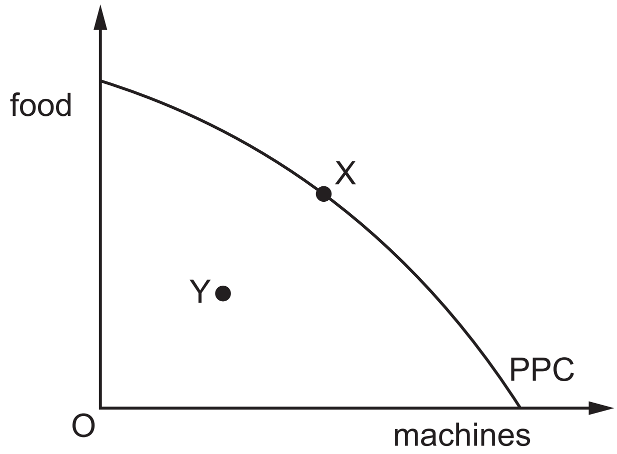
A decreased unemployment in industries producing good X

B improvement in technology used to produce good X

C increased productivity of workers producing good X

D increased resource allocation to the production of good X

3 The diagram shows a country's production possibility curve (PPC).



What would cause a movement from point X to point Y?

A decrease in productivity

B decrease in unemployment

C increase in capital investment

D increase in economic growth

21 An economy operating on its production possibility curve (PPC) enters a recession that causes unemployment. As the recession gets worse some unemployed workers emigrate in search of jobs overseas.

How are these effects of the recession shown on a diagram of the economy's PPC in the short-term and the long-term?

	short-term effect on the PPC diagram	long-term effect on the PPC diagram
A	movement to a point inside the PPC	movement to a point inside the PPC
B	movement to a point inside the PPC	shift of PPC to the left
C	shift of PPC to the left	movement to a point inside the PPC
D	shift of PPC to the left	shift of PPC to the left

2 Which term describes the loss of potential benefit to a consumer when making a choice between alternatives?

A opportunity cost

B scarcity

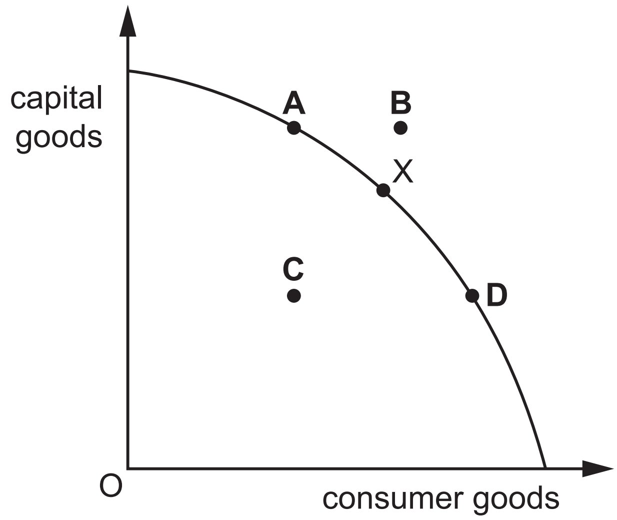
C shortage

D the economic problem

3 A country is producing at point X on its production possibility curve (PPC) which shows how it can allocate its production between capital goods and consumer goods.

A period of recession then causes some of its factories to close.

Which point could represent the country's new position?



4 Which combination gives correct examples of macroeconomics and microeconomics?

	macroeconomics	microeconomics
A	study of demand for a product	study of price of a product
B	study of behaviour of firms	study of individual behaviour
C	study of the economy as a whole	study of specific markets
D	study of the international economy	study of the national economy

2 Sonia owns a takeaway food delivery service. She decides to expand the firm, buying more vans and hiring additional drivers.

Which factors of production were changed?

A capital and labour

B capital and land

C enterprise and capital

D labour and land