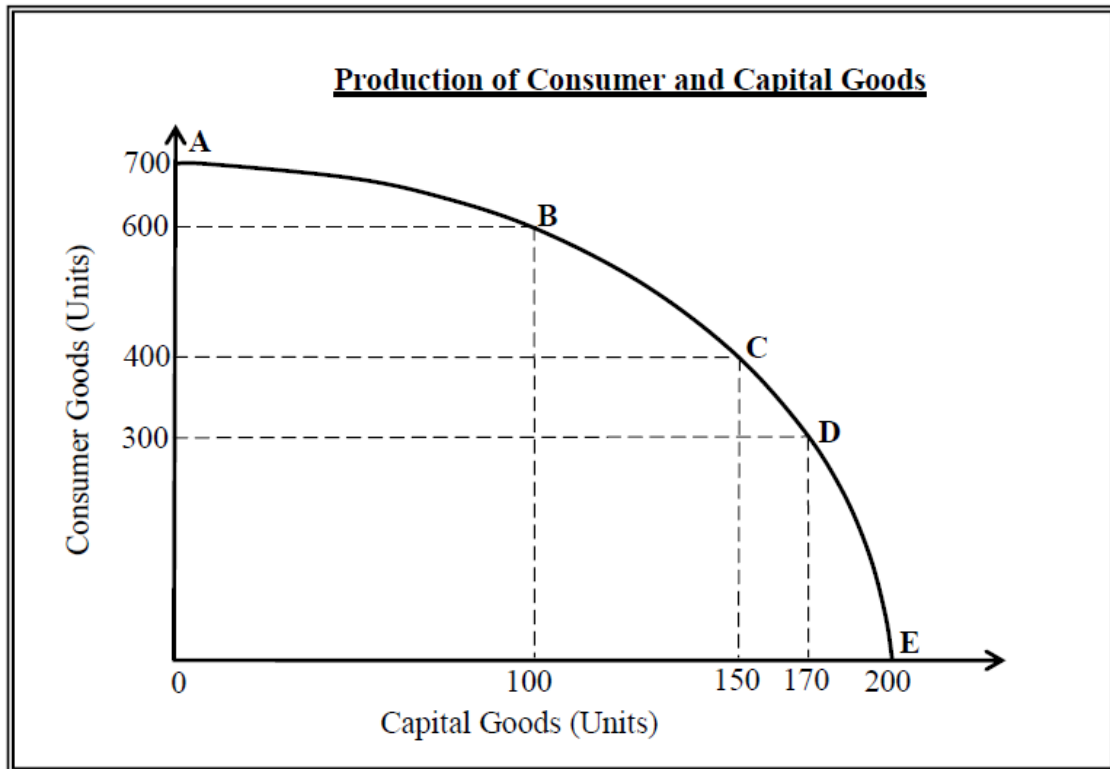


SHORT ANSWER QUESTIONS

A.

Study the graph given below and use your knowledge to answer questions (i) to (iii).



- (i) State **one** concept illustrated by the Production Possibility Curve above. **(1 mark)**
- (ii) Give **one** reason for the concavity of the curve to the origin. **(1 mark)**
- (iii) Calculate:
- (I) **opportunity cost** of increasing production of capital goods from **points C to D**. **(1 mark)**
- (II) **marginal rate of transformation** from consumer to capital goods from **points B to C**. **(1 mark)**

B.

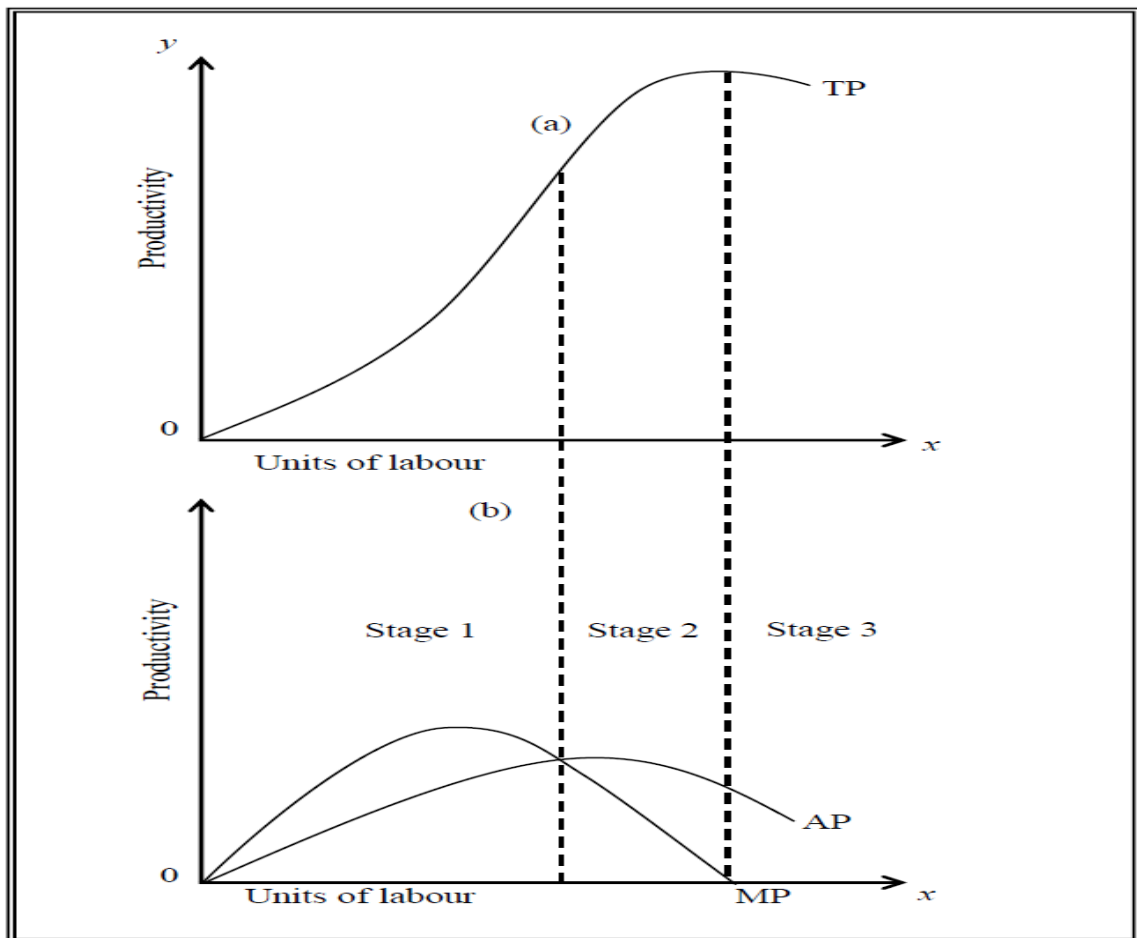
Use the information given below and your knowledge to answer questions (i) and (ii).

Possibility	A	B	C	D	E	F
Food (tonnes)	0	2	4	6	8	10
Machine (000)	24	22	18	13	7	0

- (i) Draw and fully label the production possibility curve for food on Y axis and machine on X axis. **(2 marks)**
- (ii) How can an economy achieve a point outside the production possibility curve? **(1 mark)**
- (iii) State the formula for calculating the opportunity cost of food. **(1 mark)**

C. Use the productivity graph given below to answer the following questions:

- (i) Explain Stage 1 – What is happening to the Total Products and Average Products?
- (ii) Explain Stage 2 - What is happening to the Total Products and Marginal Products?



D.

Study the table given below and answer questions (i) and (ii).

Total Output and Marginal Output

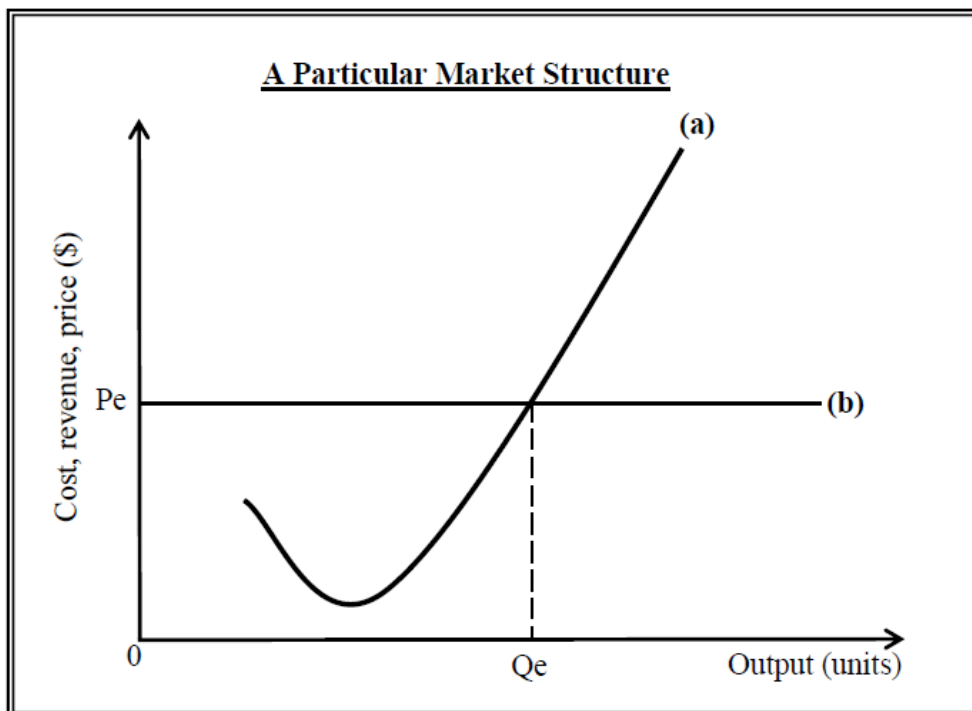
Units of labour	Total output	Marginal output
0	0	-
1	30	30
2	(I)	60
3	170	80
4	220	(II)
5	250	30
6	250	0

(i) Calculate the missing figures (I) and (II). (2 marks)

(ii) What is the maximum number of labourers that the firm will employ? (1 mark)

E

Study the graph given below and answer questions (i) to (iii).



(i) Identify the market structure given above. (1 mark)

(ii) Label the curves (a) and (b). (2 marks)

(iii) Draw the average cost curve to illustrate a **supernormal profit**.
(Label the average cost curve as AC.) (1 mark)