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A Level Economics Topic Questions / Paper 2

Topic: 1.3 Factors of production

Question-1

Explain the functions of price, enterprise and profit in a free market economy. [8]

Question-2

Explain how capital goods contribute to production in a modern economy and how capital is rewarded. [8]

Question-3

Explain how the factor of production enterprise contributes to aggregate supply in a modern economy and how it differs from the other factors of production in terms of the reward for its services. [8]

Question-4

Explain, with the use of a diagram(s), how the production possibility curve of an economy could be affected by a decrease in the quantity of labour available, but an increase in its quality. [8]