**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

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**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]

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

What will be an external cost of this?

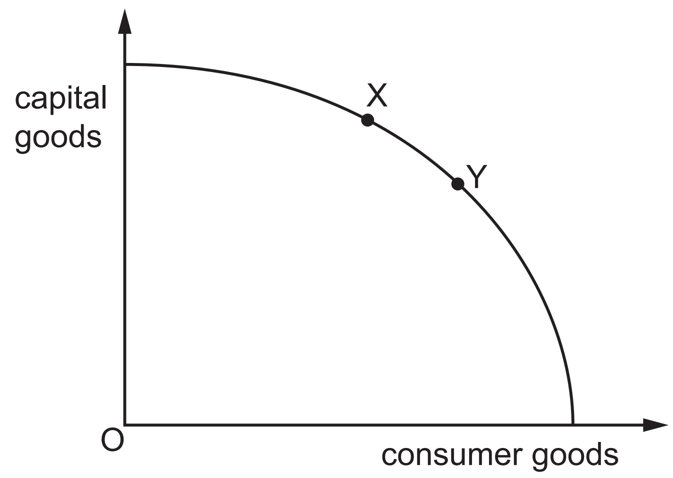
**A** the cost of building the road

**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

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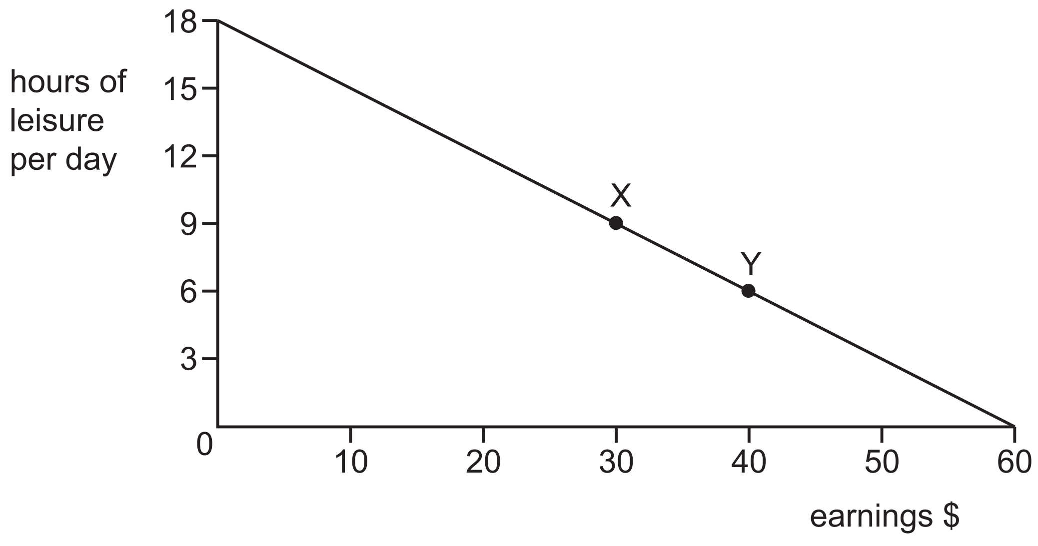
**3** The diagram shows the choices for an individual between leisure and earnings.




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