

2 (a) An economy contains just two sectors, an agricultural sector and an industrial sector.

With the help of a diagram, explain how a production possibility curve (PPC) can be used to show the concept of opportunity cost **and** consider whether opportunity cost is likely to remain constant if resources are reallocated from the agricultural sector to the industrial sector. [8]

(b) Assess whether the free market should be used to provide **all** types of goods in an economy. [12]

OR