

2 In 2021, the production point on the UK's production possibility curve (PPC) changed. Average wages increased. The average annual wage of a waiter was \$23,580 while that of a chief executive of a large commercial bank was \$1,617,000. A rise in wages enables people to eat in restaurants more often. Some of the food sold in UK restaurants is imported. In 2021, the UK government signed free trade agreements, removing import restrictions, with a number of countries.

- (a) Identify **two** places where a production point could be located on a PPC diagram. [2]
- (b) Explain **two** reasons why someone may switch from eating in one restaurant to eating in another restaurant. [4]
- (c) Analyse why the wage of a chief executive of a large commercial bank is higher than that of a waiter. [6]
- (d) Discuss whether or not free trade will increase economic growth. [8]