

2 Some markets in Belgium are in equilibrium. The country produces a wide range of goods and services with different degrees of price elasticity of demand. The Belgian Government wants the economy to move to a production possibility point beyond its current production possibility curve (PPC). Belgium's scientific industry is one industry which is doing well. Workers in this industry are highly specialised.

(a) Define *market equilibrium*. [2]

(b) Explain **two** ways an economy could reach a point outside its current PPC. [4]

(c) Analyse how price elasticity of demand can influence a firm's pricing decisions. [6]

(d) Discuss whether or not firms benefit from their workers undertaking training. [8]