

- 4 An economy can produce only two goods at any one time. These are good X and one other good from **A**, **B**, **C** or **D**. The table shows the outputs of goods **A**, **B**, **C** and **D** with each output of good X when the economy's resources are fully employed.

Which good must be produced with good X to show a production possibility curve with increasing costs?

	units				
X	0	100	200	300	400
A	0	20	40	60	80
B	110	70	40	20	0
C	120	90	60	30	0
D	140	120	90	50	0

- 5 What could **not** cause a shift in an individual's demand curve for good Z?
- A a change in advertising expenditure on Z
 - B a change in the individual's income
 - C a change in the individual's tastes
 - D a change in the price of Z
- 6 What is most likely to increase the quantity of houses supplied?
- A a policy to help house buyers on modest incomes
 - B a restriction on the level of rent that can be charged
 - C a rise in the tax on materials used for building houses
 - D the removal of a subsidy to house builders
- 7 In which situation is the demand for a product said to be price elastic?
- A A fall in price increases expenditure on the product.
 - B A fall in price increases quantity demanded.
 - C A rise in price increases expenditure on the product.
 - D A rise in price reduces quantity demanded.