1 The transition of centrally planned economies to market economies was accompanied by a significant change in the composition of output.

What was an immediate consequence of this transition?

A a build-up of unsold stocks of goods

B an increase in exports of goods

C an increase in unemployment

D decreasing prices of goods and services

2 Which statement is correct?

A Normative economics concerns the description of economic models.

B Normative economics is objective and factual.

C Positive economics can be tested by data and evidence.

D Positive economics is subjective and offers a value judgement.

3 Consumers do not use enough of a product to maximise their private benefit because they have imperfect information about the product.

How would an economist classify this product?

A demerit good

B free good

C merit good

D public good

4 What is meant by the division of labour?

A Each worker specialises in a different task in production.

B Some workers work part-time and others work full-time.

C The same amount of output per hour is produced by each worker.

D Workers divide their time between different jobs.

5 What describes a market supply curve?

A It is downward sloping.

B It is the same as the aggregate supply curve.

C It is the sum of all firms' supply curves for a product.

D It is the supply of all products within an economy.