1 A government department provides milk at no charge to very low income families.

Which term best describes the milk?

A free good

B inferior good

C private good

D public good

2 Which statement is a normative statement?

A China has never had a balance of payments surplus.

B Higher interest rates might reduce investment.

C Perfect competition is allocatively efficient.

D Welfare payments should be increased.

3 What do economists regard as the reward for taking risks and organising production?

A enterprise

B interest

C wages

D profit

4 The British pound is the national currency of the UK. In Brixton in south London it is possible to get a distinctively marked currency called the Brixton pound from special cash machines. This can be spent with 150 local shopkeepers. Similar schemes are found in towns in the US, Italy and France.

Should Brixton pounds be considered money?

A no, because it is not possible to have two currencies in a country

B no, because they are not generally acceptable outside of Brixton

C yes, because some shopkeepers are willing to accept them

D yes, because they fulfil all the functions of money