

1 What is correct about scarcity?

- A Scarcity affects low income earners only.
- B Scarcity forces individuals to make choices.
- C Scarcity is removed by periods of falling prices.
- D Scarcity will be abolished by advances in technology.

2 Which labels might be used on a production possibility curve diagram?

	Y (vertical) axis	X (horizontal) axis
A	capital input	labour input
B	cost of production	quantity produced
C	output of rice	labour input
D	output of rice	output of sugar

3 A good's defining quality is that its consumption by one person prevents its consumption by someone else.

How is this good classified?

- A a free good
- B a non-excludable good
- C a non-rival good
- D a private good

4 Which is a normative economic statement?

- A Money is the least liquid form of wealth.
- B Some firms are subsidised by the government.
- C Some workers earn more than others.
- D Taxes are the best way to discourage smoking.