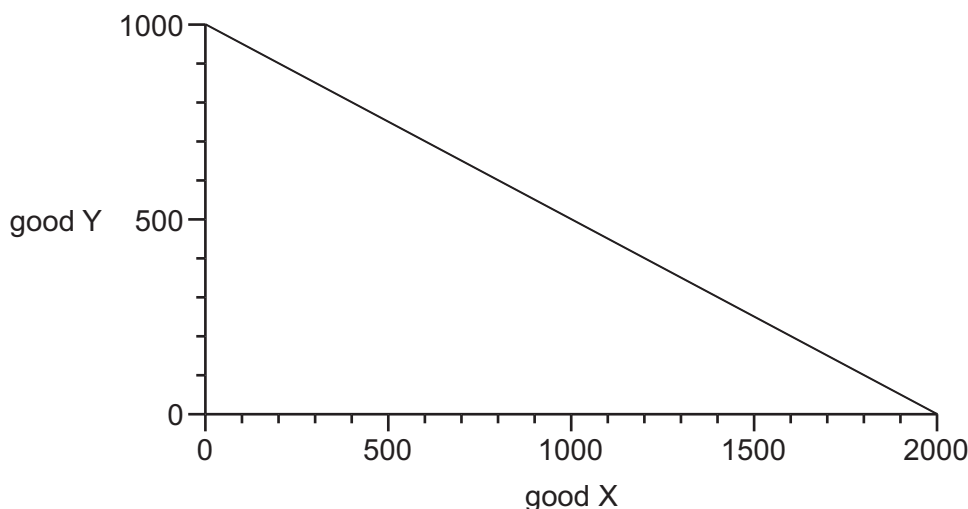


- 1 What is likely to occur when an economy moves from state planning to a market system?
- A Consumer choice is reduced.
  - B Enterprise is discouraged.
  - C The amount of innovation declines.
  - D The output of merit goods is reduced.
- 2 The diagram shows a production possibility curve for an economy that produces only two goods, X and Y.



The economy produces 400 of good Y and produces on its production possibility curve.

Which quantity of good X is given up?

- A 600
  - B 800
  - C 1200
  - D 1600
- 3 In the recession of 2011 some governments decided to reduce expenditure and decrease the numbers working in the public sector. Trades unions organised a mass demonstration in protest.
- Which question relating to the government decision is a normative question rather than a positive question?
- A How should public sector industries be run?
  - B What goods and services are produced by the public sector?
  - C When the government reduced its expenditure what happened to the level of unemployment?
  - D Why was there a trade union protest?