

- 1 An economist knows the current point at which an economy is operating within its production possibility curve.

What can the economist judge from this knowledge about the economy?

- A its degree of self-sufficiency
- B its international competitiveness
- C its level of output of two goods
- D its rate of economic growth

- 2 Abdul earns \$50 000 a year working as a teacher. He owns a house valued at \$250 000 and has shares worth \$20 000. He has a current bank account with a balance of \$1500 and \$200 in his wallet. In his house there is a jar containing \$100, which he has saved to spend on his forthcoming holiday.

What is the value of Abdul's liquid assets?

- A \$200 B \$300 C \$1800 D \$21 500

- 3 Which type of good is healthcare?

- A demerit
- B free
- C merit
- D public

- 4 Which is a normative statement?

- A If interest rates fall consumption is likely to increase.
- B If interest rates fall consumption will definitely increase.
- C Interest rates and consumption are usually inversely related.
- D The rate of interest should be reduced.

- 5 In a free market there is a surplus of a good.

Which change would cause the market to come to an equilibrium?

- A a decrease in demand
- B a fall in price
- C a government minimum price
- D an increase in supply