

- 1** An economy is changing from a planned economy to a market economy.

Which action would be expected during this change?

- A** the replacement of fiscal policy by monetary policy
- B** the replacement of multinational companies by national companies
- C** the replacement of nationalisation by privatisation
- D** the replacement of private property rights by common ownership

- 2** A local council provides a tap for drinking water in a town.

Would this make drinking water a free good?

- A** No, because it is possible to exclude some people from using the tap.
- B** No, because it requires the use of scarce resources.
- C** Yes, because it is available to all passers-by.
- D** Yes, because it is impossible to charge for it.

- 3** Food prices in a country increased by 20% in three months due to an infectious virus.

Which statement about the cause of this rise in food prices is normative?

- A** Consumers were scared of running out of food.
- B** Farm workers demanded higher wages to cover extra hours worked.
- C** Supply of foreign food was reduced because of closed borders.
- D** Transport costs increased by 10%.

- 4** A doctor has very long working hours and a high level of stress. She can become a teacher instead of continuing as a doctor.

What is the opportunity cost of choosing to continue as a doctor?

- A** the risk of mistakes caused by tiredness
- B** the possible costs of illness caused by high stress levels
- C** the potential salary as a teacher
- D** the retraining costs of becoming a teacher