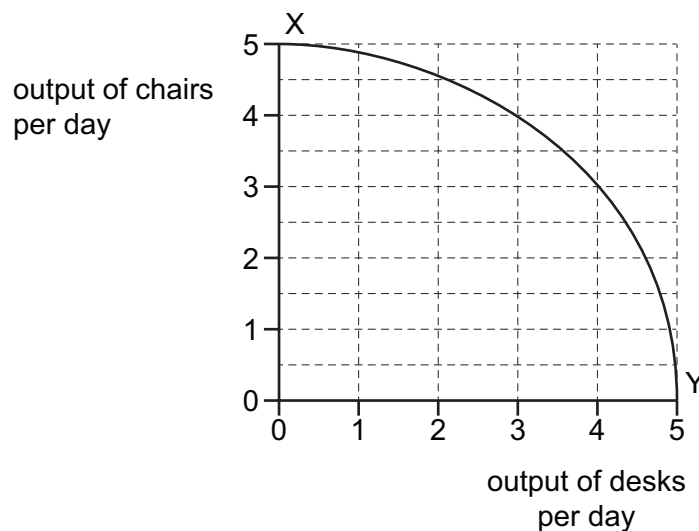


- 1 XY is the production possibility curve (PPC) of a firm that produces desks and chairs.



What are the opportunity costs of the 4th and 5th desks produced by the firm?

	opportunity cost of 4th desk	opportunity cost of 5th desk
<b>A</b>	1 chair	3 chairs
<b>B</b>	2 chairs	5 chairs
<b>C</b>	3 chairs	0 chairs
<b>D</b>	4 chairs	5 chairs

- 2 A government proposes to introduce a road congestion charge which would require private motorists to pay a toll for road use.

Which statement relating to the proposal is normative?

- A** Bus passengers will benefit at the expense of motorists.
- B** Motorists with higher incomes will be prepared to pay the charge in return for reduced journey times.
- C** Motorists with lower incomes will not be able to afford to use the roads.
- D** The proposal will be unfair to motorists who have no alternative means of transport.