

- 3 In Economics, decisions are usually taken 'at the margin'.

What does this mean?

- A They are concerned with actions that occur in free market not planned economies.
- B They are concerned with issues on the boundary between macroeconomics and microeconomics.
- C They are concerned with the choice between normative and positive actions.
- D They are concerned with the effect of adding a further action to the current level of activity.

- 4 Which factor of production and example are correctly linked?

	factor of production	example
A	capital	\$10 000 in a savings account
B	enterprise	a company accountant
C	labour	a robot
D	land	the flow of a river

- 5 During a period of falling incomes in Germany in 2009, demand for jewellery declined. There was, however, a rise in demand for frozen foods.

How would the effect on the demand for the two products be illustrated?

	jewellery	frozen food
A	a movement downwards along the demand curve	a movement upwards along the demand curve
B	a movement upwards along the demand curve	a shift to the right of the demand curve
C	a shift to the left of the demand curve	a shift to the right of the demand curve
D	a shift to the right of the demand curve	a movement upwards along the demand curve

- 6 It was estimated in 2010 that milk had an income elasticity of demand of -0.6 .

What can be concluded about milk from this information?

- A It accounts for only a small proportion of household expenditure.
- B It has very few substitutes.
- C Household expenditure on milk will decrease if the price of milk increases.
- D It is an inferior good.