

**1** Which is a positive statement?

- A** A fall in the value of the Chinese yuan against the US dollar will make Chinese goods more price competitive in the USA.
- B** Direct taxes are the best fiscal instrument to redistribute income in a developed economy.
- C** The most important macroeconomic objective of the government is to reduce unemployment.
- D** The UK government should not renationalise the railway infrastructure.

**2** Which is closest to being a public good?

- A** electricity
- B** health services
- C** street lighting
- D** water supply

**3** An individual has an appointment with his dentist.

He has a choice between travelling to the appointment by car, or leaving the car at home and travelling by bus and then by train. The costs of the journey are given below.

	\$
bus fare	2
train fare	3
car parking charge	4
petrol	2
car wear and tear costs	1

Given this information, what is the opportunity cost to the individual of travelling by car rather than by bus and train?

- A** \$2                      **B** \$4                      **C** \$7                      **D** \$12