

- 1 Why are there no markets for free goods?
  - A Consumers' valuation of free goods is the same at all levels of demand.
  - B Free goods are non-excludable.
  - C The demand for free goods is infinite.
  - D The supply of free goods is sufficient to satisfy all demand at zero price.
  
- 2 What is present in a mixed economy but **not** in a planned economy?
  - A capital goods
  - B consumer surplus
  - C government borrowing
  - D private production
  
- 3 In economics a statement is positive if
  - A it assumes current economic conditions remain unchanged.
  - B it concerns the factual outcomes of an economic action.
  - C it examines the desirability of government economic policy.
  - D it is based upon the opinion of an economic adviser.
  
- 4 Which characteristic of money is essential, if it is to be used as a medium of exchange?
  - A It must be durable.
  - B It must be legal tender.
  - C It must be limited in supply.
  - D It must have intrinsic value.
  
- 5 The market demand for a product is made up of the demand from three firms, X, Y and Z.

The table shows the demand from each firm and the market supply.

price \$	demand from X	demand from Y	demand from Z	market supply
7	3300	3300	3300	3300
8	3100	2900	3100	6200
9	2800	2500	2900	8200
10	2500	2100	2700	10 000

What is the equilibrium price in the market?

- A** \$7                      **B** \$8                      **C** \$9                      **D** \$10