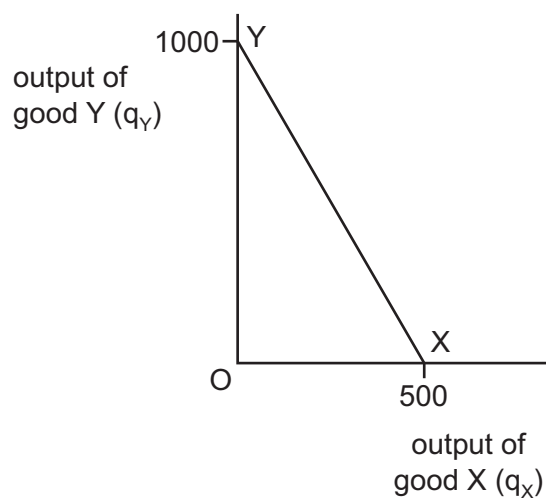


- 1 The statements refer to the proposal to build another runway at London's Heathrow airport.

Which statement is normative?

- A Heathrow is the UK's busiest airport and has more flights than any other European airport.
 - B The airport is highly competitive but there is spare capacity.
 - C The potential net benefit of expansion is around £5 billion over 70 years.
 - D We should concentrate on improving the use of existing capacity not build another runway.
- 2 YX is an economy's production possibility curve (PPC).

The equation of the curve is $q_Y = 1000 - 2q_X$.



What is the opportunity cost of producing one extra unit of good X?

- A $\frac{1}{2}$ unit of good Y
- B 2 units of good Y
- C 500 units of good Y
- D 1000 units of good Y