

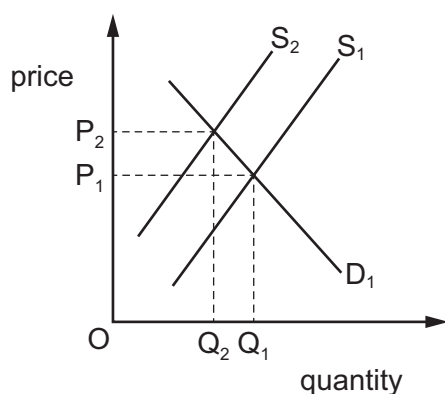
4 Which statement is a positive statement?

- A Low inflation is preferable to low unemployment as a government aim.
- B Low inflation will provide a more stable macro economy.
- C The government must intervene in all markets to improve resource allocation.
- D The government should cut income tax so living standards can improve.

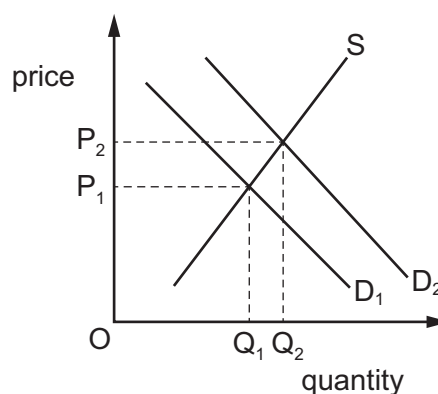
5 What could cause an increase in consumer surplus in the market for a good?

	an increase in demand for the good	an increase in supply of the good
A	no	no
B	no	yes
C	yes	no
D	yes	yes

6 The diagrams show the effect of a change in the market for good X on the market for good Y.



change in the market
for good X



effect on the market
for good Y

What can be concluded from the diagrams?

- A X and Y are complements.
- B X and Y are in joint supply.
- C X and Y are substitutes.
- D Y is a derived demand from X.