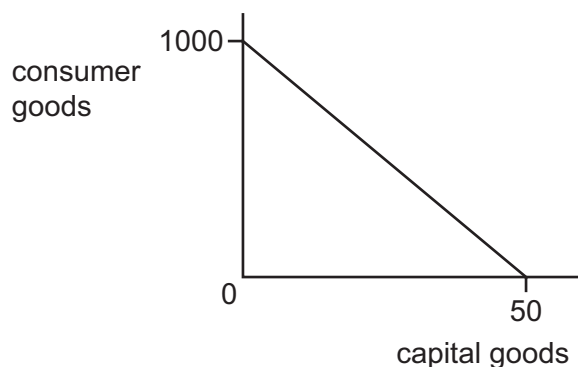


- 1 The diagram shows an economy's production possibility curve.



It has been employing its resources in the ratio of 80% consumer goods production and 20% capital goods production.

What will be the result if it decides to double its output of capital goods?

- A a gain of 20 capital goods
  - B a gain of 40 capital goods
  - C a loss of 200 consumer goods
  - D a loss of 600 consumer goods
- 2 Which comment relating to the introduction of charges for previously free medical treatment is normative?
- A Fewer people will be able to afford treatment.
  - B It will be unfair on lower income groups.
  - C Richer citizens will pay the higher charges.
  - D Workers' health and productivity will fall.
- 3 Which characteristic of money is the **most** important if it is to function as a medium of exchange?
- A acceptable
  - B divisible
  - C durable
  - D portable
- 4 What is **not** a characteristic of a planned economy?
- A Consumers have limited influence on what is produced.
  - B Profit is the motive for increasing output.
  - C Resources are owned by the government.
  - D There is limited competition in the market.