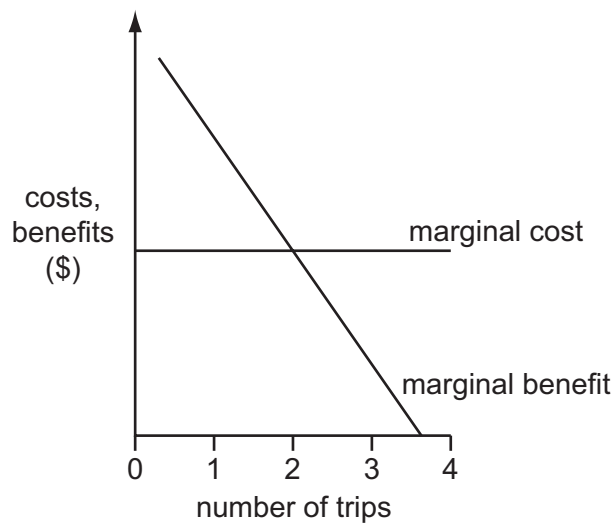


- 3 The diagram shows a person's marginal costs and marginal benefits of making trips to the cinema.



How many trips will the person make?

- A None, as each extra trip reduces marginal benefit.
  - B One, as this maximises the excess of marginal benefit over marginal cost.
  - C Two, as this maximises the net benefit of making trips.
  - D Three, as all trips have a positive marginal benefit.
- 4 A number of changes occur in an economy. Online training is made available to engineers, machinery in food processing is automated, profit taxes are imposed on information technology entrepreneurs and subsidised fertilisers are given to farmers.

Which factor of production is **least** likely to experience rising productivity?

- A capital
  - B enterprise
  - C labour
  - D land
- 5 What is correct about market demand?
- A Market demand can increase only when all individuals increase their consumption.
  - B Market demand for an inferior good falls as price falls.
  - C Market demand is effective when consumers desire to buy the good.
  - D Market demand is the result of aggregating the demand of all individuals.