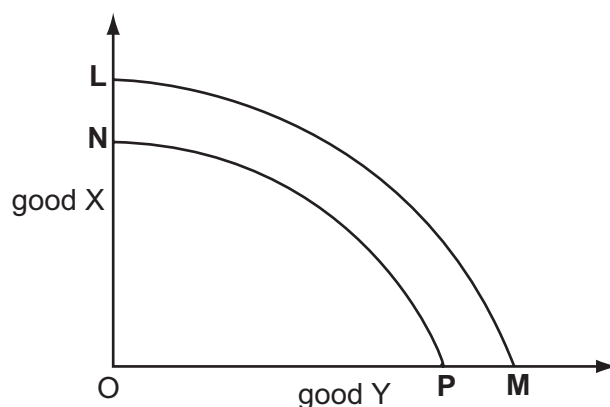


- 1 A consumer allocates his expenditure over time.

What would cause an increase in the opportunity cost of current consumption to the consumer?

- A a decrease in his current income
- B a decrease in interest rates
- C an increase in his current income
- D an increase in interest rates

- 2 In the diagram the original production possibility curve is **LM**.



What might cause the curve to shift to **NP**?

- A technological progress
  - B unemployment of resources
  - C the depletion of natural resources
  - D a reallocation of resources
- 3 A government proposes to introduce a road congestion charge which would require private motorists to pay a toll for road use.

Which statement relating to the proposal is normative?

- A Bus passengers will benefit at the expense of motorists.
- B Motorists with higher incomes will be prepared to pay the charge in return for reduced journey times.
- C Motorists with lower incomes will not be able to afford to use the roads.
- D The proposal will be unfair to motorists who have no alternative means of transport.