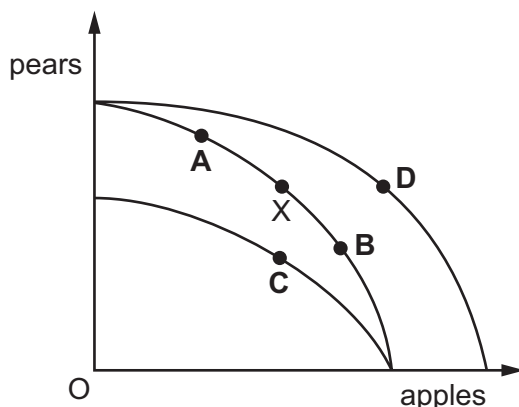


- 1 Which outcome depends upon the division of labour?
- A a decrease in boredom at work
  - B a decrease in comparative advantage
  - C a decrease in efficiency
  - D a decrease in opportunity cost
- 2 'An increase in consumption by one person leaves the benefits available to others undiminished'.

Which good does this statement define?

- A a demerit good
  - B a merit good
  - C a private good
  - D a public good
- 3 The diagram shows a production possibility curve for a farmer. The original position is X.

If the farmer switches some of his land from producing pears to producing apples, which point represents his new position?



- 4 A student buys a flute for \$80 but then is unable to learn to play it. It has a resale value of \$50, while the shop retail price of the same type of flute has risen to \$95.

What is the present opportunity cost to the student of keeping the flute?

- A \$30
- B \$50
- C \$80
- D \$95