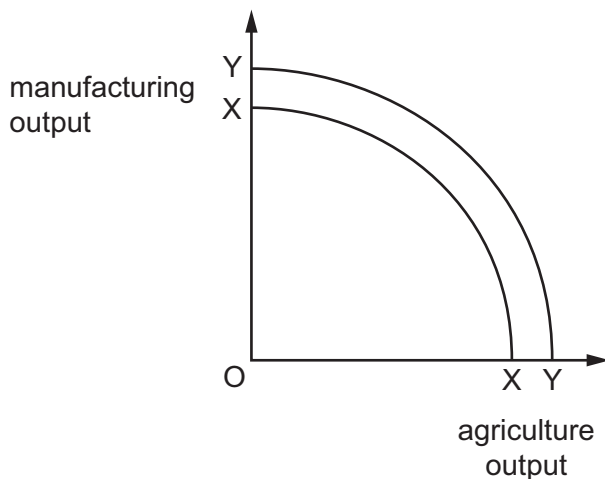


- 4 The diagram shows two production possibility curves, XX and YY.



What would cause a movement from XX to YY?

- A a decrease in scarce resources
 - B a decrease in the cost of resources
 - C an increase in the cost of labour
 - D an increase in the labour force
- 5 The table shows the market demand and supply for bananas over a year. At a market price of 8 cents per kg there is disequilibrium in the market.

| price of bananas (cents per kg) | total market demand (million tonnes) | total market supply (million tonnes) |
|------------------------------------|--|--|
| 4 | 1000 | 150 |
| 6 | 800 | 300 |
| 8 | 600 | 450 |
| 10 | 400 | 600 |
| 12 | 200 | 750 |

What action would the government have to take to achieve market equilibrium at a price of 8 cents per kg?

- A grant a subsidy of 2 cents per kg to producers
- B impose a tax of 4 cents per kg on consumers
- C purchase the entire supply at 8 cents and sell at 4 cents
- D ration consumers to 75 kg each per year