

- 1** An economist knows the current point at which an economy is operating within its production possibility curve.

What can the economist judge from this knowledge about the economy?

- A** its degree of self-sufficiency
- B** its international competitiveness
- C** its level of output of two goods
- D** its rate of economic growth

- 2** Abdul earns \$50 000 a year working as a teacher. He owns a house valued at \$250 000 and has shares worth \$20 000. He has a current bank account with a balance of \$1500 and \$200 in his wallet. In his house there is a jar containing \$100, which he has saved to spend on his forthcoming holiday.

What is the value of Abdul's liquid assets?

- A** \$200                      **B** \$300                      **C** \$1800                      **D** \$21 500

- 3** Which type of good is healthcare?

- A** demerit
- B** free
- C** merit
- D** public

- 4** Which is a normative statement?

- A** If interest rates fall consumption is likely to increase.
- B** If interest rates fall consumption will definitely increase.
- C** Interest rates and consumption are usually inversely related.
- D** The rate of interest should be reduced.

- 5** In a free market there is a surplus of a good.

Which change would cause the market to come to an equilibrium?

- A** a decrease in demand
- B** a fall in price
- C** a government minimum price
- D** an increase in supply