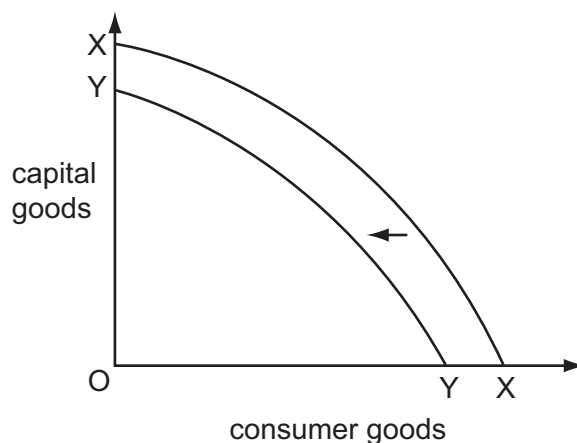


- 1 A country's production possibility curve moves from XX to YY as shown in the diagram.



What could have caused this movement?

- A a rise in the retirement age
 - B an increase in investment
 - C an increase in net emigration
 - D a rise in technological progress
- 2 A Southern African government was concerned about the market influence of a large producer and was keen to take control of the company.

What might be the possible result of this?

- A an increase in the role of the market
 - B an increase in public ownership
 - C an increase in the role of the consumer
 - D an increase in the amount of competition
- 3 Which of the following is a normative statement?
- A If firms spend more on advertising, sales volume may not rise.
 - B If firms raise prices, profits will rise.
 - C The government should reduce taxes on spending so that economic welfare will rise.
 - D Export volumes will rise if the government lowers the exchange rate.