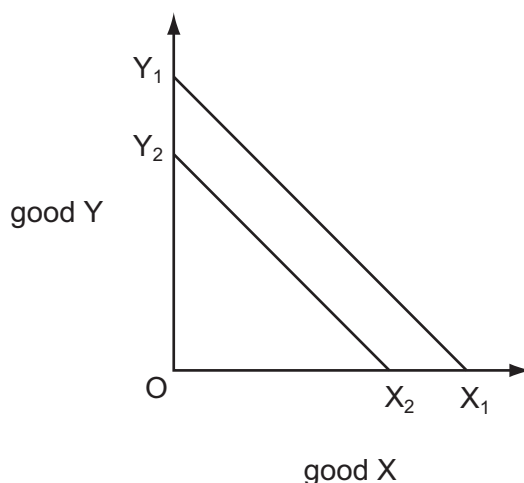


- 1 What is the main economic problem facing all societies?
  - A how to reduce unemployment
  - B how to reduce poverty
  - C how to allocate scarce resources
  - D how to control inflation
  
- 2 What is the opportunity cost to an unemployed worker who becomes employed?
  - A the leisure they would otherwise have had
  - B the value of the goods and services they produce
  - C the wages they are paid
  - D zero
  
- 3 The diagram illustrates the production possibility curves for an economy in Year 1 ( $X_1, Y_1$ ) and Year 2 ( $X_2, Y_2$ )



What can be deduced from the diagram?

- A The cost of production was lower in Year 2 than in Year 1.
  - B The full employment level of output was lower in Year 2 than in Year 1.
  - C The opportunity cost was lower in Year 2 than in Year 1.
  - D Unemployment rose between Year 1 and Year 2.
  
- 4 Which is a normative economic statement?
  - A Money is the least liquid form of wealth.
  - B Some firms are subsidised by the government.
  - C Some workers earn more than others.
  - D Taxes are the best way to discourage smoking.