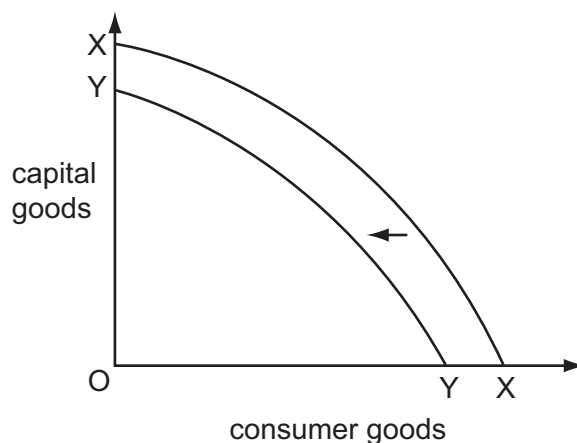


- 1 A country's production possibility curve moves from XX to YY as shown in the diagram.



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.