

- 1 The statements are from a report by a water company that supplies water to homes and businesses.

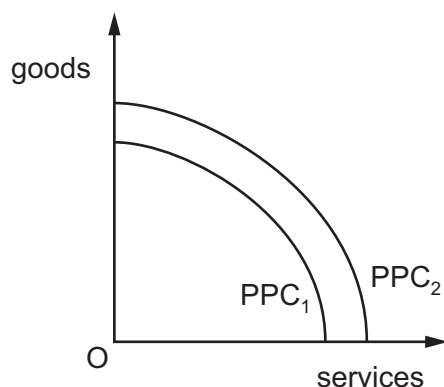
Which statement is normative?

- A It is important that we continue to invest in our infrastructure.
 - B Our investment will have wider benefits, attracting visitors to the region.
 - C We are investing more than ever in the region.
 - D We use local suppliers on construction projects which boosts the local economy.
- 2 The combinations of output of goods X and Y shown in the table could all be produced using the existing resources in a country to their maximum capacity.

	1	2	3	4	5
X	220	200	180	140	90
Y	10	25	40	70	100

Which statement about the opportunity cost of good Y in terms of good X is correct?

- A It decreases as the output of Y increases.
 - B It is always below $1Y = 1X$.
 - C It is constant throughout the range of output shown.
 - D It is never above $1Y = 2X$.
- 3 The diagram shows two production possibility curves for goods and services in an economy.



What would **not** cause the economy's production possibility curve to shift from PPC_1 to PPC_2 ?

- A an increase in the level of employment
- B an increase in the retirement age
- C an increase in the skills level of employees
- D an increase in the use of capital by firms