

- 1 Why are there no markets for free goods?
 - A Consumers' valuation of free goods is the same at all levels of demand.
 - B Free goods are non-excludable.
 - C The demand for free goods is infinite.
 - D The supply of free goods is sufficient to satisfy all demand at zero price.

- 2 What is present in a mixed economy but **not** in a planned economy?
 - A capital goods
 - B consumer surplus
 - C government borrowing
 - D private production

- 3 In economics a statement is positive if
 - A it assumes current economic conditions remain unchanged.
 - B it concerns the factual outcomes of an economic action.
 - C it examines the desirability of government economic policy.
 - D it is based upon the opinion of an economic adviser.

- 4 Which characteristic of money is essential, if it is to be used as a medium of exchange?
 - A It must be durable.
 - B It must be legal tender.
 - C It must be limited in supply.
 - D It must have intrinsic value.

- 5 The market demand for a product is made up of the demand from three firms, X, Y and Z.

The table shows the demand from each firm and the market supply.

price \$	demand from X	demand from Y	demand from Z	market supply
7	3300	3300	3300	3300
8	3100	2900	3100	6200
9	2800	2500	2900	8200
10	2500	2100	2700	10 000

What is the equilibrium price in the market?

- A** \$7 **B** \$8 **C** \$9 **D** \$10