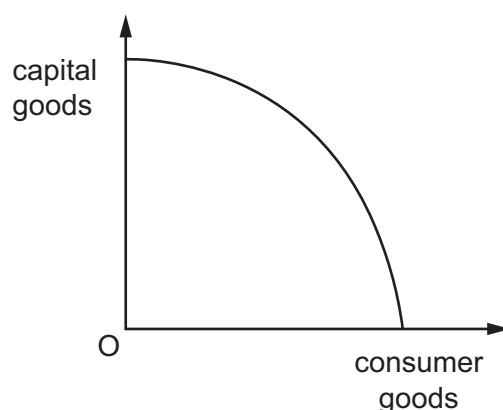


- 1 Which statement about economics is **not** correct?
- A Economic actions can produce unexpected side effects.
  - B Economic thinking is usually based on logical reasoning at the margin.
  - C The use of scarce resources to produce a good always has a cost.
  - D The value of a good or service involves a purely objective judgement.
- 2 A farmer is able to grow three crops, X, Y and Z, on his land. The farmer decides to grow at most two crops in any year. The table shows six possible combinations of units of output of the three crops.

	output					
X	0	0	80	40	40	0
Y	0	60	0	30	0	30
Z	40	0	0	0	20	20

What is the opportunity cost of 1 unit of X?

- A 1.33 units of Y
  - B 1.5 units of Y
  - C 0.5 units of Z
  - D 2.0 units of Z
- 3 The diagram shows a production possibility curve for an economy that produces capital goods and consumer goods.



Why is the production possibility curve drawn concave to the origin?

- A Capital goods are a more labour intensive output than consumer goods.
- B Consumers always seek to maximise their satisfaction from consumption.
- C Profit maximisation for firms always ensures efficiency in production.
- D Some resources are more efficient in production of some goods than others.