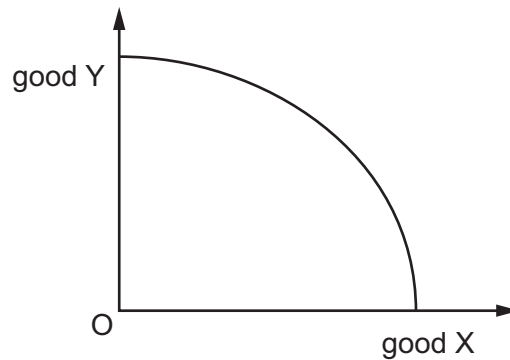


- 4 The diagram shows a production possibility curve.



Which combination is correct?

	opportunity cost of producing more of good Y	opportunity cost of producing more of good X
<b>A</b>	decreases	decreases
<b>B</b>	decreases	increases
<b>C</b>	increases	decreases
<b>D</b>	increases	increases

- 5 A government wishes to ensure adequate flood defences are provided in its coastal areas.

Which action is most likely to be undertaken **only** by the government?

- A** building the defences
- B** designing the defences
- C** financing the defences
- D** maintaining the defences

- 6 Consumer surplus exists in the market for rice.

What does this mean?

- A** Consumers benefit from rice production more than producers.
- B** Consumer demand for rice exceeds supply.
- C** Some consumers would be willing to pay more than the market price for rice.
- D** The production of rice exceeds the supply.