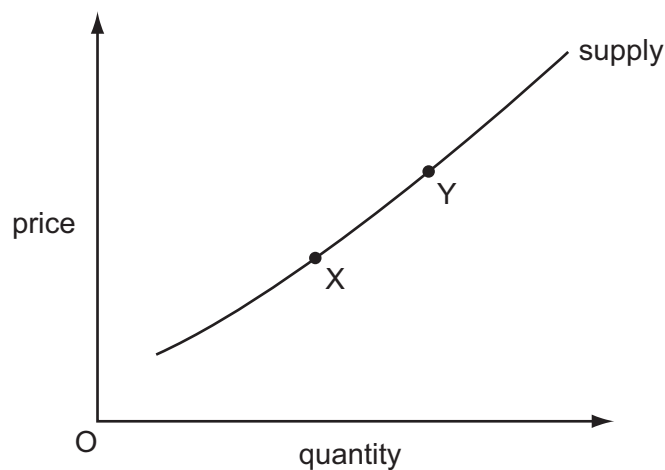


- 4 A farmer can produce both beef and lamb. The opportunity cost of a kilo of beef is three kilos of lamb. The price of a kilo of beef is twice that of lamb.

What should he do if his aim is to maximise his revenue?

- A concentrate on beef production
  - B concentrate on lamb production
  - C produce beef and lamb in the ratio 3:2
  - D produce twice as much beef as lamb
- 5 What ensures that demand for a product is effective?
- A The consumer must be in the private sector of the economy.
  - B The consumer must have sufficient income to buy the product.
  - C The consumer must receive consumer surplus.
  - D The consumer must want to buy the product.
- 6 The diagram shows the supply curve of coffee in an economy.



The market equilibrium is initially at point X, but a change moves it to point Y.

What might explain this?

- A an increase in wages paid by producers of coffee
- B a switch in consumer tastes from coffee to tea
- C an increase in the price of tea
- D a tax imposed on coffee producers