5 What is most likely to lead to a Pareto-optimal outcome?

A offering bulk-buy discounts to customers who join a loyalty scheme

B switching labour from producing low-priced products to producing high-priced products

C switching production from labour-intensive products to capital-intensive products

D training low-skilled workers to operate machinery effectively

A-Level Economics: **w25 32**

8 What might help achieve allocative efficiency?

A differentiated products

B government subsidies

C monopsony

D supernormal profits

A-Level Economics: **w25 33**

6 A firm sells 10 000 units per month at a price of $10. The firm’s total fixed cost is $40 000 per month. The firm makes only normal profit.

What is the average variable cost for this output?

A $2.00 **B** $4.00 **C** $6.00 **D** $8.00

A-Level Economics: **w25 34**

8 What is a potential benefit of the privatisation of a country’s railway services?

A higher levels of competition

B higher costs passed on in the form of higher prices

C opportunity for government regulation

D potential for a private monopoly