1 What is likely to lead to the principal-agent problem?

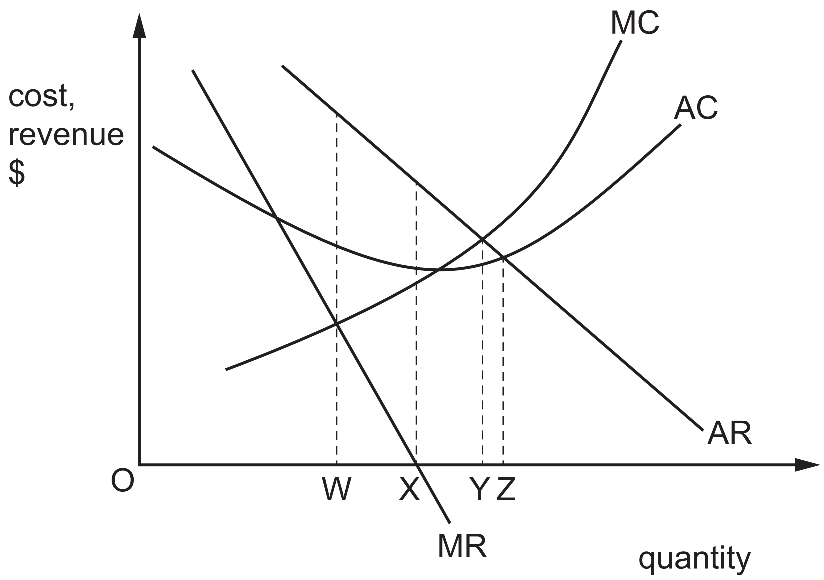
A a manager of a business makes decisions on behalf of the owner

B music festival tickets are purchased by a person who intends to sell them at a large profit

C the government is the only buyer of a pharmaceutical product

D there is only one firm that manufactures the product

7 The diagram shows the cost and revenue curves of a firm.



The firm changes its objective from revenue maximisation to sales maximisation.

What will be the effect on quantity produced?

A it will decrease from Y to W

B it will decrease from Z to W

C it will increase from X to Y

D it will increase from X to Z

9 What is the essential feature of nudge theory?

A the aim of satisficing

B the establishing of a legal requirement

C the existence of a contestable market

D the idea of persuasion