

1 Consumers and producers face the same problem of satisfying wants.

What is the most likely reason wants cannot be satisfied?

- A consumers and producers cannot establish an equilibrium price
- B consumers have excess choice when producers oversupply
- C consumers have limited income and producers have finite resources
- D consumers lack information to buy and producers lack motivation to supply

10 What is **not** a role of the central bank?

- A to act as the lender of last resort
- B to hold deposits from the general public
- C to issue notes and coins
- D to manage the gold reserves of the country

2 Which value does opportunity cost measure?

- A environmental damage
- B next best alternative forgone
- C output of labour
- D price paid

17 What is a macroeconomic aim of a government?

- A high external costs
- B high sales tax
- C low unemployment
- D low wages

18 What is a principle of taxation?

- A equality between social cost and social benefit
- B fairness between taxpayers
- C profit maximisation by firms
- D tax revenue maximisation

9 What is a characteristic of a demerit good?

- A** it is more beneficial to the consumer than they realise
- B** it is overconsumed in the free market
- C** it is underproduced in the free market
- D** it provides external benefits

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2 An economics graduate chooses to work in a bank rather than teach economics which was the next best alternative.

Which cost is incurred as a result of this decision?

- A** external cost
- B** internal cost
- C** opportunity cost
- D** private cost

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9 What is external benefit?

- A** private benefits minus private costs
- B** private benefits plus social benefits
- C** social benefits minus private benefits
- D** social benefits plus social costs

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9 What is a correct definition of a demerit good?

- A** a good which generates external benefits
- B** a good with higher private costs than social costs
- C** a good which is more harmful to consumers than they realise
- D** a good which provides no costs to third parties