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UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Advanced Level

ECONOMICS **9708/31**

Paper 3 Multiple Choice (Supplement) **October/November 2009**

1 hour

Additional Materials: Multiple Choice Answer Sheet
Soft clean eraser
Soft pencil (type B or HB is recommended)

* 7 3 0 4 7 0 2 4 7 7 *

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1 An economy is operating at a point on its production possibility curve.

What is true about the way the economy's resources are being used at this point?

	allocatively efficient	productively efficient	socially desirable
A	possibly	yes	yes
B	yes	possibly	possibly
C	possibly	yes	possibly
D	yes	possibly	yes

2 The schedule shows the total utility derived by a consumer of a good X at different levels of consumption.

quantity of X consumed	1	2	3	4	5	6	7	8
total utility (units)	28	40	50	58	64	68	71	73

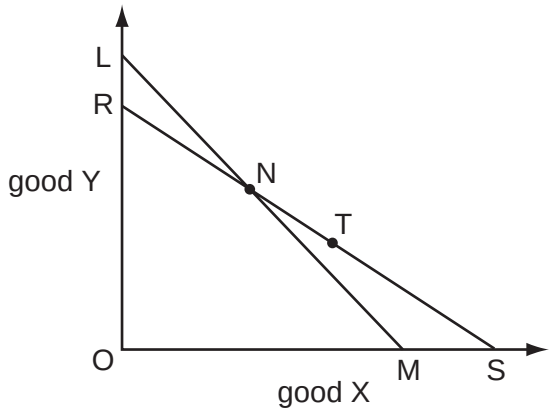
The consumer obtains two units of satisfaction from the last cent she spends on each good that she purchases.

What is the maximum number of units of X that she will consume if the price of X is 6 cents?

A 2 **B** 5 **C** 7 **D** 8

3 In the diagram, an individual initially chooses combination N on budget line LM.

An increase in his money income accompanied by an increase in the price of good Y causes his budget line to shift to RS, and he now chooses combination T.



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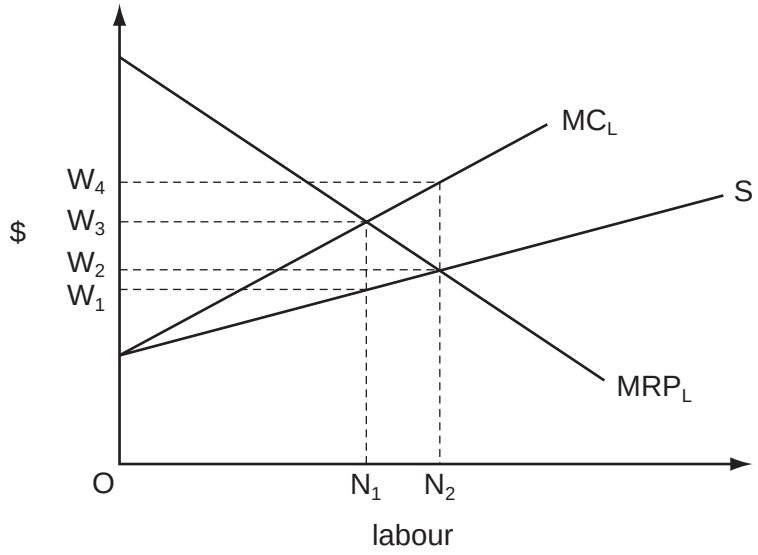
A an increase in wages

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Assuming profit maximisation, how many workers will the firm employ and what wage will it pay?

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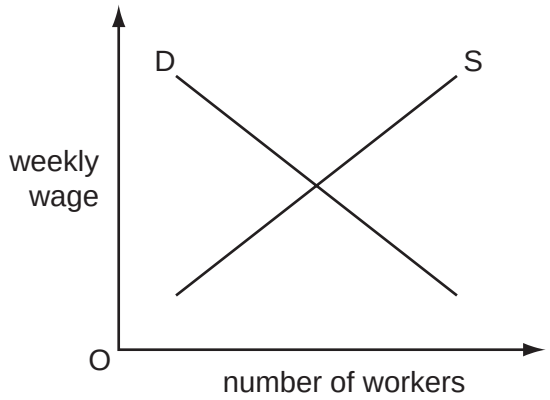
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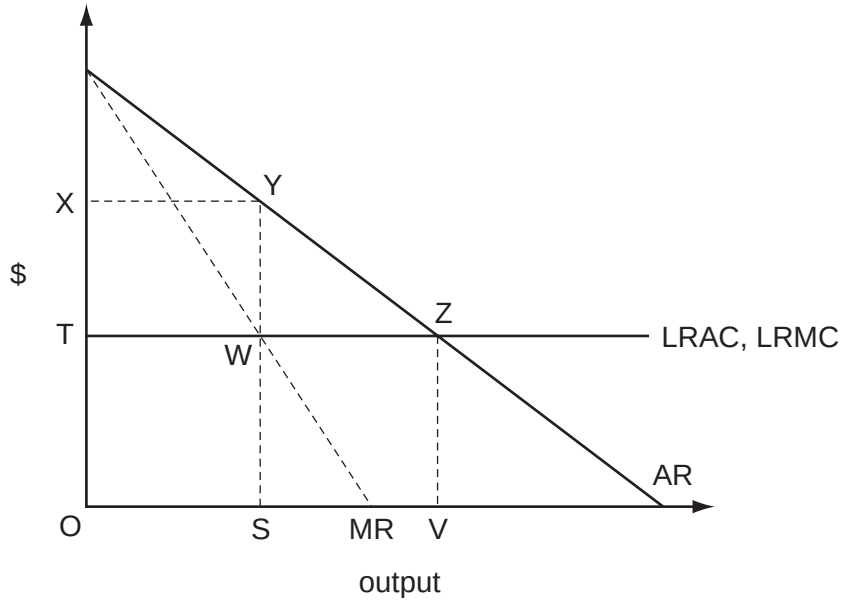
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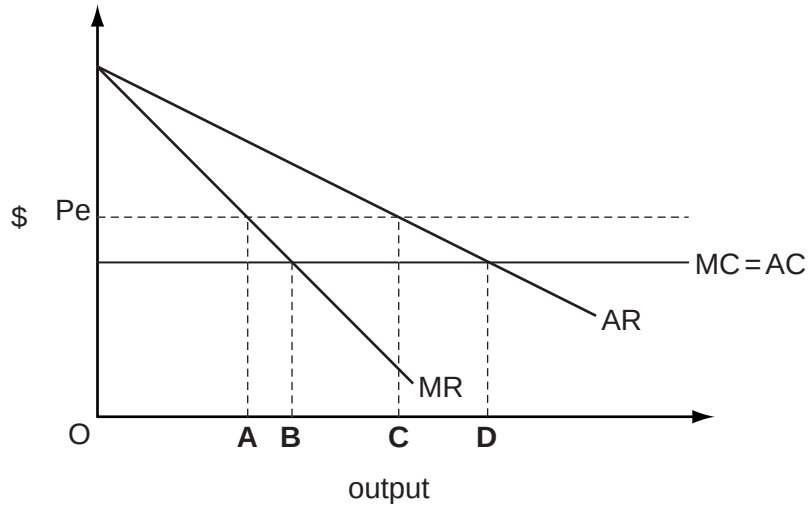
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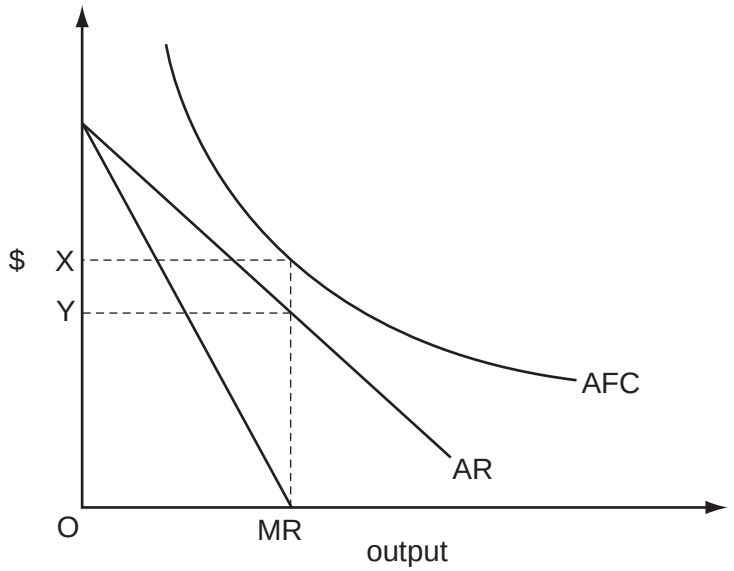
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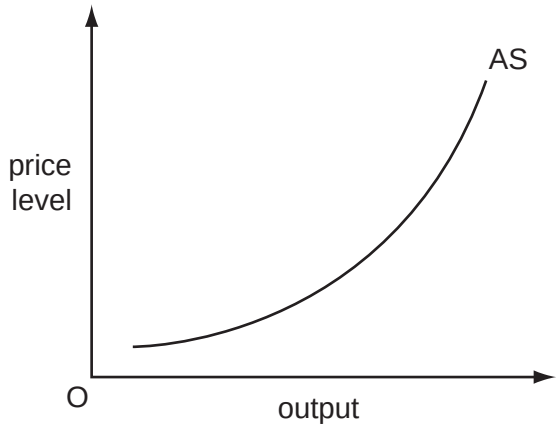


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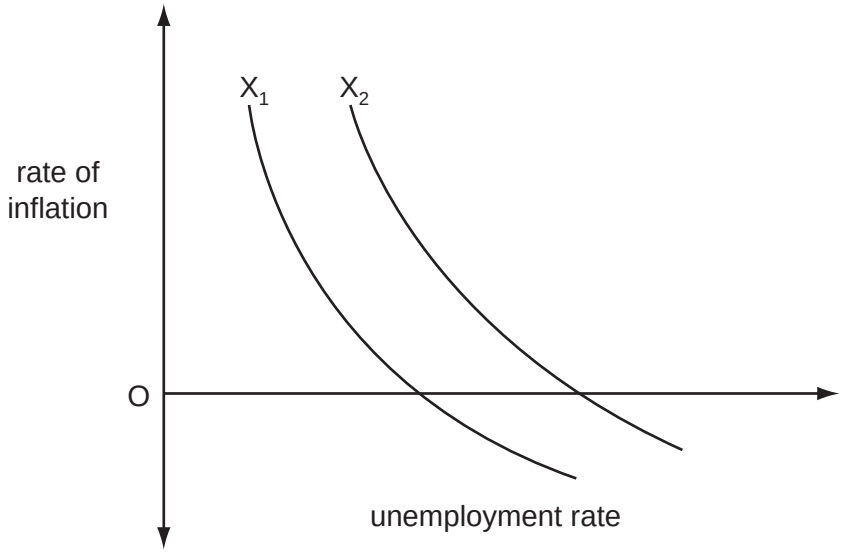
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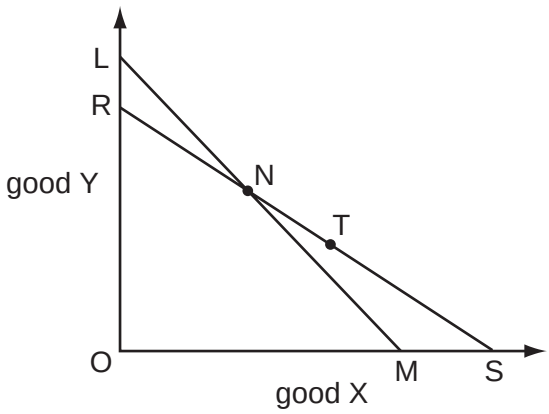
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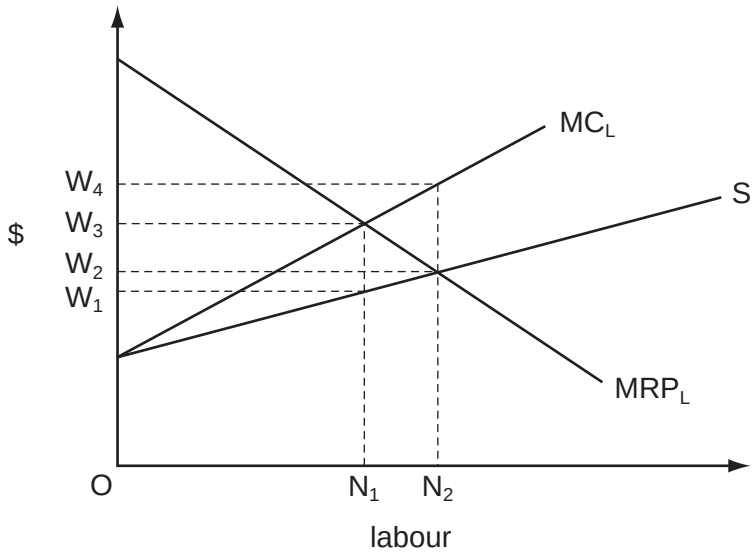
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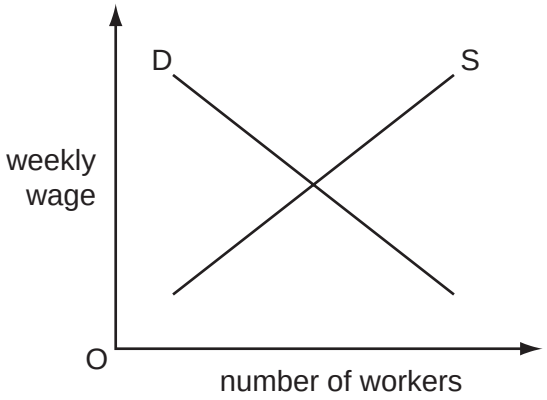
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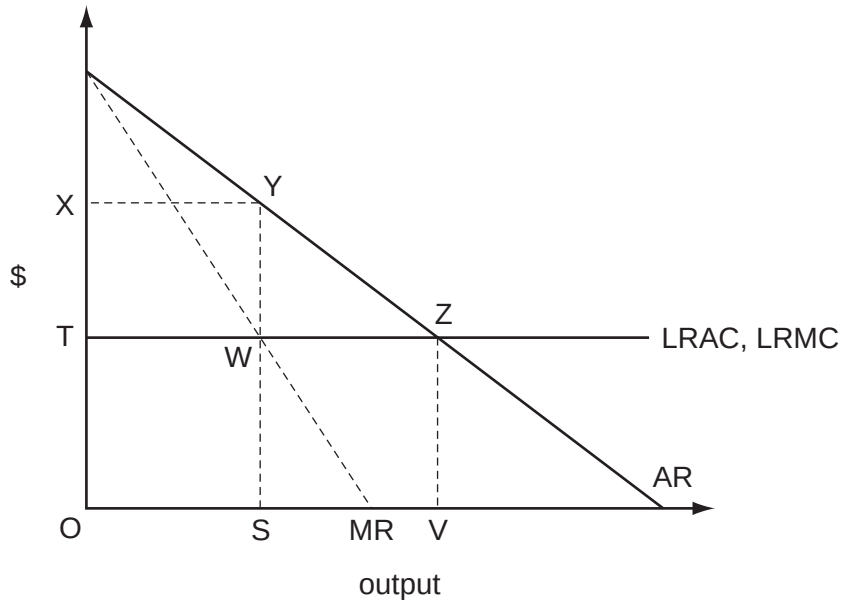
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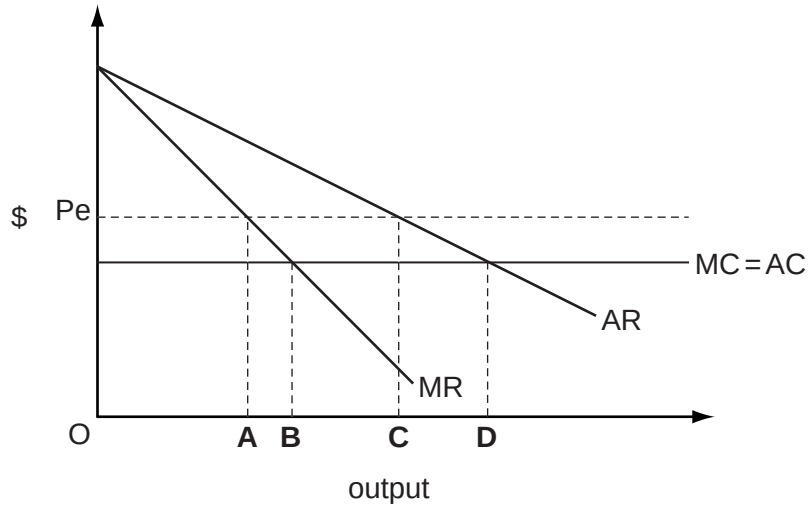
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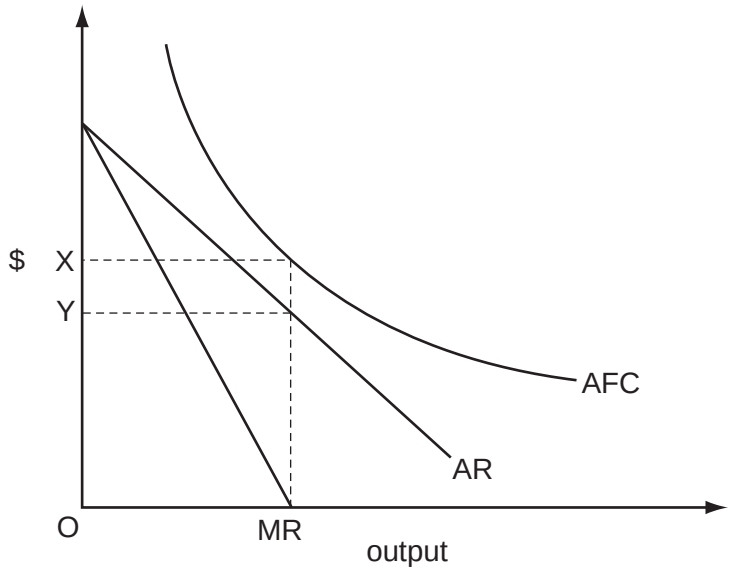
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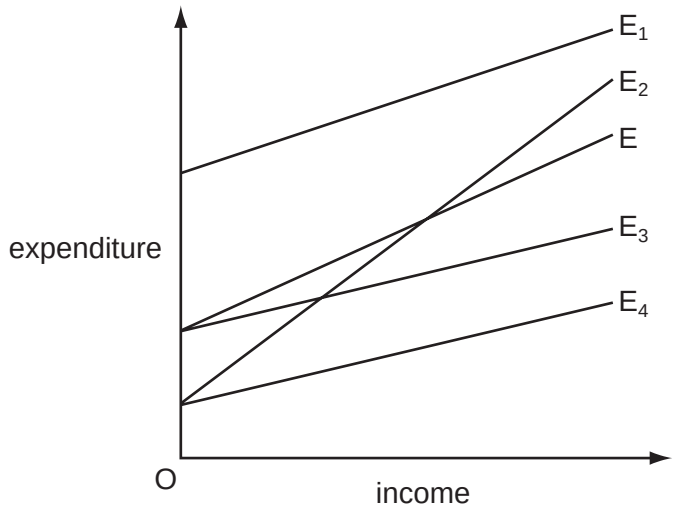
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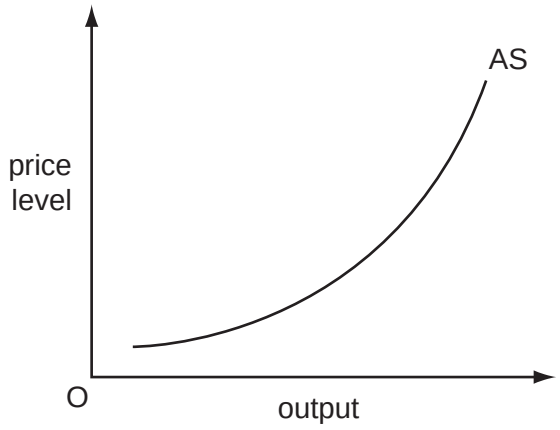


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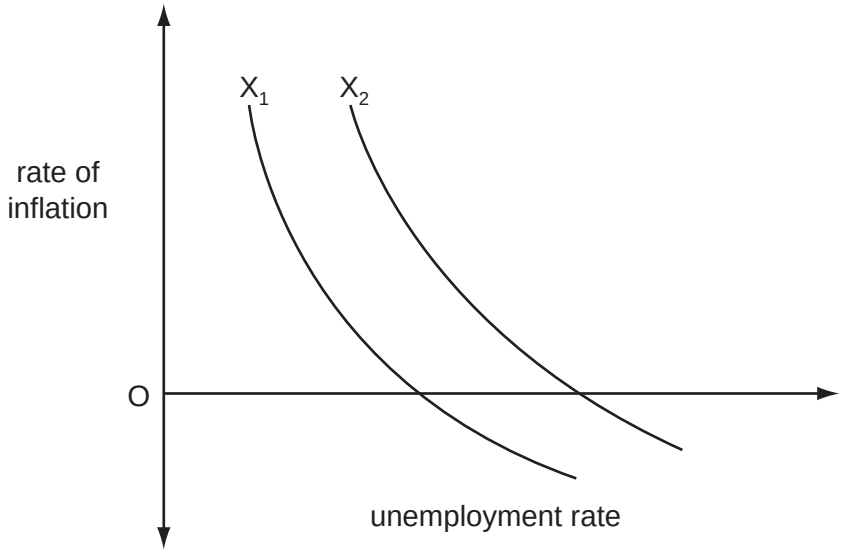
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C	increase	increase	decrease
D	increase	increase	increase

30 An economy is operating at a point on its production possibility curve.

What is true about the way the economy's resources are being used at this point?

	allocatively efficient	productively efficient	socially desirable
A	possibly	yes	yes
B	yes	possibly	possibly
C	possibly	yes	possibly
D	yes	possibly	yes

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