

- 1 Which statement about trade unions is normative?
- A Since trade unions exist to safeguard the interests of their members, they deserve the legal protection of the state.
 - B In countries where trade unions are strong, income distribution is more equal.
 - C Uneven trade union membership has resulted in a widening of the wage gap between different industries.
 - D In industries where trade unions are powerful, technical progress tends to be much slower.

- 2 A worker can make 10 hats or 5 pairs of shoes in a day. In the market three hats can be sold at the same price as two pairs of shoes.

The worker should make

- A 4 hats and 3 pairs of shoes daily.
 - B 6 hats and 2 pairs of shoes daily.
 - C hats only.
 - D shoes only.
- 3 The table shows the market supply for a raw material and the individual demand of the three firms, X, Y and Z, which are its only buyers.

price \$ (per kilo)	market supply (000s)	demand by X (000s)	demand by Y (000s)	demand by Z (000s)
7	30	13	27	20
8	40	12	25	18
9	50	11	23	16
10	60	10	20	15

What is the equilibrium market price of the raw material?

- A \$7
 - B \$8
 - C \$9
 - D \$10
- 4 In 2008 the demand curve for new cars in the European Union shifted to the left.
- Which change could have caused such a shift?
- A an increase in real disposable income
 - B an increase in the cost of borrowing
 - C an increase in the price of new cars
 - D an increase in the price of train travel