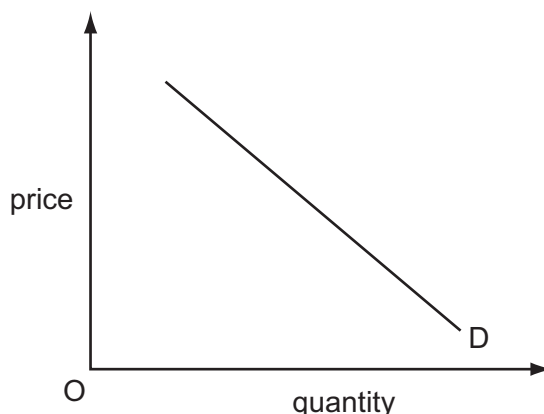


- 1 What is the opportunity cost to an unemployed worker who becomes employed?
- A the leisure they would otherwise have had
  - B the value of the goods and services they produce
  - C the wages they are paid
  - D zero
- 2 Which statement is normative?
- A As a general rule, people are happier in more equal societies.
  - B Despite a large increase in income per head, people are no happier today than they were 50 years ago.
  - C Happiness depends not on the absolute level of a person's income but on his relative income.
  - D The promotion of happiness is a more important goal than the maximisation of production.
- 3 The diagram shows a demand curve for a good.



- Which statement describes the nature of this demand curve?
- A A fall in price is the result of a fall in demand.
  - B A greater or smaller quantity is demanded as price changes.
  - C As demand increases so does price.
  - D Quantity changes in proportion to the change in price.
- 4 How would an economist establish the market demand curve for a private good?
- A by adding consumer surplus to total expenditure
  - B by combining individual demand curves horizontally
  - C by combining the price elasticity of individual demands
  - D by multiplying price by quantity demanded