

- 1 In a command economy, what is the basis for determining the allocation of factors of production?
- A the pattern of consumers' spending
 - B the perceived needs of the country
 - C the revenue from taxes
 - D the size of public sector companies
- 2 The diagrams show the change in a country's production possibility curve between Year 1 and Year 2.



What can be deduced from the diagrams?

- A Future growth prospects have been harmed.
 - B The level of unemployment has fallen.
 - C The opportunity cost of consumer goods has risen.
 - D The proportionate growth in production is greater in consumer goods.
- 3 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.