# Unit 1.1-1.3

### Nov 2019SP1/TZ0/Q1

(a) Explain two reasons why the demand for manufactured goods might be price elastic.

(b) Evaluate the importance of cross price elasticity of demand for a business selling a good if the price of a related goods increases

### May 2019 SP1/TZ2/Q1

(a) Explain two factors which could shift a firm's supply curve to the left.

(b) Discuss the view that the provision of subsidies by the government on goods such as agricultural products will always be beneficial to stakeholders.

### Nov 2018SP1/TZ0/Q1

(a) Explain how the price mechanism allocates resources when there is an increase in demand for a good or service.

(b) To what extent is advertising the most effective way of increasing the consumption of merit goods?

### Nov 2018SP1/TZ0/Q2

(a) Explain two reasons why a government might impose an indirect tax on a good.

(b) Evaluate the impact that an increase in indirect tax might have on consumers and producers.

### Nov 2017SP1/TZ0/Q1

(a) Explain why governments provide subsidies for some goods and services.

(b) Discuss the consequences of providing a subsidy for goods such as agricultural products.

### May 2016SP1(TZ2)/Q1

(a) Explain two reasons why governments might subsidize basic foodstuffs such as wheat.

(b) Discuss the consequences for the government and for consumers of subsidizing the price of admission to museums.

### May 2016SP1(TZ1)/Q1

(a) Distinguish between the effect of an increase in income and an increase in the price of a good on the demand for the good.

(b) Discuss the significance of price elasticity of demand for firms that produce luxury cars and firms that produce less expensive cars.

### May 2016SP1(TZ1)/Q2

(a) Explain one supply factor and one demand factor that might lead to a rise in the price of rented housing

(b) Discuss the view that price controls imposed by governments on the market for rented housing should never be used.

### Nov 2015SP1(TZ0)/Q1

(a) Explain why a government might decide to impose an indirect tax on the consumption or cigarettes

(b) Discuss the possible consequences of the imposition of an indirect tax on cigarettes for the different stakeholders in the market

### Nov 2015SP1(TZ0)/Q2

(a) Explain the concepts of consumer surplus and producer surplus in the market for air travel.

### May 2015SP1(TZ1)/Q1

(a) Explain why governments impose price floors (minimum prices).

(b) Discuss the consequences for producers, consumers and the government of imposing a price floor (minimum price) on a good

### May 2015SP1(TZ1)/Q2

(a) Explain the view that an increase in price will lead to a decrease in the quantity demanded whilst an increase in demand will lead to an increase in price.

(b) Discuss the significance of price elasticity of demand for government intervention in markets

### May 2015SP1(TZ2)/Q1

(a) Explain the view that an increase in price will lead to an increase in the quantity supplied whilst an increase in supply will lead to a decrease in price.

### May 2015SP1(TZ2)/Q2

(a) Explain the likely effects of falling costs of factors of production on price and output in agricultural markets.

(b) Discuss the impact on different stakeholders of governments using price floors (minimum prices) to support farmers in agricultural prices are falling.

### Nov 2014SP1(TZ0)/Q1

(a) Explain how the price mechanism allocates resources in an economy.

(b) Examine the possible consequences of governments imposing a price ceiling in the market for rented housing.

### Nov 2014SP1(TZ0)/Q2

(a) Explain that when producer surplus and consumer surplus are maximized, allocative efficiency is achieved

(b) Discuss the consequences of the introduction of an indirect tax on gasoline (petrol) for consumers, producers and the governments

### May 2014SP1(TZ1)/Q1

(a) Explain two reasons why governments impose indirect taxes

(b) Discuss the consequences for consumers, producers and the government of imposing a specific tax on cigarettes

### May 2014SP1(TZ1)/Q1

(a) Explain why the price elasticity of supply (PES) for primary commodities tends to be relatively low, while the PES for manufactured products tends to be relatively high.

(b) Discuss possible consequences of a government imposing a price floor on an agricultural product

### May 2014SP1(TZ2)/Q1

(a) Explain three factors that could lead to an increase in demand for cigarettes

(b) Discuss three policies a government might use to reduce the consumption of a demerit good such as cigarettes

### May 2014SP1(TZ1)/Q2

(a) Distinguish between the concepts of income elasticity of demand (YED) and cross price elasticity of demand (XED).

(b) To what extent might the concepts of YED and XED be of significance for business organizations?

### Nov 13/SP1(TZ0)/Q2

(a) Explain three determinants of price elasticity of demand (PED).

(b) Examine the role of PED for firms making decisions regarding price changes and their effect on total revenue

### May 13/SP1(TZ1)/Q1

(a) Explain why the price elasticity of demand for primary commodities tends to be relatively low while price elasticity of demand for manufactured products tends to be relatively high.

(b) "The income elasticity of demand for primary products tends to be lower than that for primary products and services". Examine the implications of this for producers, and for the economy as a whole

### May 13/SP1(TZ2)/Q1

(a) Explain why a government might impose a price ceiling on the market for rented accommodation and a price floor on the market for agricultural products.

(b) Evaluate the possible consequences of price controls on the stakeholders in a market

# Unit 1.4

### Nov 2019SP1/TZ0/Q1

(a) Explain the view the best allocation of resources occurs when consumer surplus and producer surplus are maximized

(b) Discuss the implication of direct provision of public goods by a government.

### May 2019 SP1/TZ1/Q2

(a) Explain why a government might decide to impose a price ceiling on goods and services such as essential foods or rented housing

(b) Evaluate the view that the most effective way in which the government can encourage the consumption of merit goods is through direct provision

### May 2019 SP1/TZ2/Q2

(a) Explain why public transport, such as buses and trains, might be under-provided in a market economy.

(b) Discuss the view that imposing an indirect tax on gasoline (petrol) is the most effective way of reducing the market failure caused by cars.

### May 2018 SP1/TZ2/Q2

(a) Explain why the exploitation of common access resources, such as uncontrolled fishing, might pose a threat sustainability.

(b) Evaluate whether the use of carbon taxes is the most effective way for the government to deal with the threat to sustainability posed by the use of fossil fuels.

### Nov 2017 SP1/TZ2/Q1

(a) Explain how an increase in price of air travel might affect the demand for complements and substitutes

(b) Evaluate the view that the use of regulations is the most effective way to reduce negative externalities

### May 2017 SP1/TZ2/01

(a) Explain why demerit goods are an example of market failure.

(b) Evaluate the effectiveness of using indirect taxation to correct market failure.

### Nov 2016 HP1/TZ0/Q1

(a) Using a production possibilities curve, explain why choices have to be made in all economies.

(b) Discuss the view that governments should not intervene in the housing markets.

### Nov 2016 HP1/TZ0/Q2

(a) Explain why changes in the price of goods and services may lead to changes in resource allocation.

(b) Examine the consequences of the lack of a pricing mechanism for common access resources

### Nov 2015 SP1(TZ0)/Q1

(a) Explain why a government might decide to impose an indirect tax on the consumption of cigarettes.

### Nov 2015 SP1(TZ0)/Q2

(b) Discuss the view that a free market at competitive market equilibrium leads to the most efficient allocation of resources from the society's point of view.

### May 2015 SP1(TZ2)/Q1

(b) To what extent are subsidies the most effective way of encouraging the consumption of merit goods?

### May 2014SP1(TZ1)/Q1

(a) Explain two reasons why governments impose indirect taxes.

(b) Discuss the consequences for consumers, producers and the government of imposing a specific tax on cigarettes.

### Nov 2013/SP1(TZ0)/Q1

(a) Using a diagram, explain why demerit goods are considered to be an example of market failure

(b) Evaluate two possible government responses that could be used to address the problem of demerit goods.

### May 2013/SP1(TZ2)/Q2

(a) Explain why common access resources, such as fishing grounds, might become depleted in the absence of a price mechanism.

(b) Evaluate the view that carbon taxes represent the most effective government response to the threat to sustainability posed by the use of fossil fuels.

### May 2013/SL(TZ1)/Q2

(a) Analyse the consumption externalities which might arise from the provision of education and healthcare for the citizens of a country.

(b) Evaluate the use of government policies to increase the consumption of healthcare

### May 2012/SP1(TZ1)/Q1

(b) Evaluate the economic implications of a government policy to provide merit goods free of charge.

## Unit 2: Macroeconomics

### Nov 2019SP1/TZ0/Q3

(a) Explain why a reduction in interest rates might lead to an increase in aggregate demand.

(b) Evaluate the view that expansionary monetary policy is the most effective way to achieve economic growth.

### Nov 2019SP1/TZ0/Q4

(a) Explain using a production possibilities curve (PPC) diagram, an increase in the actual output of an economy.

(b) Discuss the view that economic growth always leads to a rise in living standards.

### May 2019SP1/TZ1/Q3

(a) Explain how aggregate demand in an economy might be affected by a rise in the exchange rate and a decrease in the income of major trading partners

(b) To what extent is expansionary fiscal policy the best policy to achieve a reduction in the rate of unemployment?

### May 2019SP1TZ1/Q4

(a) Explain the role of improved productivity in achieving economic growth.

(b) Discuss the view that economic growth can only be achieved at the expense of other macroeconomic objectives such as a low and stable rate of inflation and equity in the distribution of income.

### May 2019SP1/TZ2/Q3

(a) Explain how increased investment by the government in education and training can affect both aggregate demand and aggregate supply.

(b) Evaluate the view that inflationary pressures in an economy are best reduced using supply-side policies.

### May 2019SP1/TZ2/Q4

(a) Explain the various phases of the business cycle.

(b) Discuss the view that economies will always return to the full employment level of output in the long run.

### Nov 2018 SP1/TZ1/Q3

(a) Explain how an economic recession can lead to an increase in absolute poverty.

(b) Evaluate the view that government policies to promote equity will always have a negative effect on efficiency.

### Nov 2018 SP1/TZ1/Q4

(a) Explain how an increase in leakages can affect the size of the circular flow of income.

(b) To what extent is the use of national income statistics an effective way of comparing the standard of living between countries?

### May 2018 SP1/TZ1/Q3

(a) Explain how income inequality might be measured in a country.

(b) Evaluate the view that the best way to reduce income inequality in a country is by using progressive taxation.

### May 18SP1/TZ1/TZ2/Q4

(a) Explain how expansionary fiscal policy could be used to close deflationary (recessionary) gap.

(b) Evaluate the view that fiscal policy is the most effective way of achieving long-term economic growth.

### May 18SP1/TZ2/Q3

(a) Explain how an increase in investment might lead to economic growth.

(b) Discuss the possible consequences of economic growth on living standards, unemployment and inflation.

### Nov 2017HP1/TZ0/Q3

(a) Explain why structural unemployment may occur in an economy.

(b) Discuss the view that the best way to reduce unemployment is through education and training.

### Nov 2017SP1/TZ0/Q4

(a) With reference to the income, output and expenditure approaches, explain how the real gross national (GNP/gross national income per capita of a country can be measured,

(b) Discuss the view that rise in GNP/GNI per capita will always lead to a rise in living standards in a country

### May 2017HP1/TZ2/Q3

(a) Explain what effect a reduction in interest rates might have on consumption and investment

(b) Evaluate the effectiveness of using monetary policy to reduce inflation

### May2017HP1/TZ2/Q4

(a) Explain the causes of economic growth in term of actual output and potential output

(b) Discuss the view that the consequences of economic growth is always beneficial

### Nov 2016HP1/TZ0/Q3

(a) Explain how the Lorenz Curve and the Gini coefficient are used to measure income inequality.

(b) Discuss the view that the best way to achieve greater equity in the distribution of income in a country is to use progressive tax system

### Nov 2016HP1/TZ0/Q4

(a) Explain what effect an increase in interest rates might have on unemployment

(b) Evaluate the effectiveness of fiscal policy as a tool to reduce unemployment.

### May 2016SP1(TZ1)/Q3

(a) Explain how an increase in interest rates might affect the level of aggregate demand in an economy.

(b) Evaluate the effectiveness of monetary policy when an economy is in deep recession.

### May 2016SP1(TZ1)/Q4

(a) Using the Keynesian AD/AS diagram, explain why an economy may be in equilibrium at any level of real output

(b) Evaluate the view that increased investment is the most important factor in achieving a faster rate of economic growth.

### May 2016SP1(TZ2)/Q3

(a) Explain how expansionary monetary policy can help to close a deflationary (recessionary) gap.

(b) Discuss the view that governments should always try to avoid deflation.

### Nov 2015SP1(TZ0)/Q3

(a) Explain, using a diagram, how interest rates are determined in an economy

(b) Discuss the effectiveness of using expansionary monetary policy to reduce unemployment.

### Nov 2015SP1(TZ0)/Q4

(a) Explain how a rise in consumer confidence and business confidence might affect economic growth.

(b) Discuss the view that economic growth always raises living standards in a country.

### May 2015SP1(TZ1)/Q3

(a) Explain the effect of a rise in taxation and a fall in government expenditure on the circular flow of income of an economy

(b) Evaluate the effectiveness of fiscal policy to reduce the rate of inflation.

### May 2015SP1(TZ2)/Q3

(a) Explain the effect of a rise in saving and fall in investment on the circular flow of income of an economy

(b) Discuss the view that an economy will always return to the full employment equilibrium level of output in the long run.

### May 2015SP1(TZ1\_2)/Q4

(a) Explain how business spending on research and development and government expenditure on infrastructure might shift the long-run aggregate supply curve.

(b) Evaluate the effectiveness of interventionist supply-side policies to achieve economic growth.

### Nov 14/SP(TZ0)/Q3

(a) Explain the difference between cost-push and demand-pull inflation.

(b) A rise in the inflation rate will always result in negative consequences for the economy. To what extent is this statement true?

### Nov 14SP1(TZ0) /Q4

(a) Using an appropriate diagram, explain how a recession might lead to more poverty

(b) Evaluate the view that attempts to achieve equity in the distribution of income will reduce economic efficiency

### May 14/SP TZ1/Q3

(a) Using a Lorenz curve, explain how the Gini coefficient is derived and interpreted

(b) Evaluate government policies that could be used to promote a more equal distribution of income

### May 14/SPTZ1/Q4

(a) Explain how an increase in investment might affect aggregate demand and aggregate supply

(b) “An increase in aggregate demand may not lead to an increase in real national income.” To what extent is this statement valid?

### May 14/SP TZ2/Q3

(a) Explain the income, output and expenditure methods used to measure real gross domestic product (GDP).

(b) Discuss the usefulness of real GDP per capita as a method of measuring the living standards of a country's population.

### May 14/SPTZ2/Q4

(a) Using an appropriate diagram, explain why a country might experience a deflationary gap

(b) "Fiscal policy is the most effective way of bringing an economy out of recession. To what extent is this statement valid?

### Nov 13/SP1/Q3

(a) Distinguish between the causes of cyclical (demand-deficient) unemployment and structural unemployment.

(b) Evaluate government policies used to deal with cyclical unemployment.

### Nov 13/SP1/Q4

(a) Explain how a producer price index could be useful in predicting future inflation.

(b) To what extent can supply-side policies help in fighting inflation?

### May 13/SP1(TZ1)/Q3

(a) Explain the difficulties involved in measuring the rate of inflation

(b) Discuss the view that deflation is a more serious problem than inflation for the economy of a country.

### May 13/SP1(TZ1)/Q4

(a) Explain how labour market reforms may be used to promote economic growth.

(b) "Market-oriented supply-side policies will always be more effective in promoting economic growth than demand-side policies." To what extent do you agree with this statement?

### May 13/SP1(TZ1)/Q3

(a) Explain the difficulties involved in measuring the level of unemployment

(b) Examine the reasons why the maintenance of a low level of unemployment is considered to be an important macroeconomic objective.

### Nov 12/SP1/Q2

(a) Explain the difference between cyclical/demand-deficient and structural unemployment

(b) Evaluate the view that high unemployment is the most serious economic problem a country can face

### May 12/SP1(TZ1)/Q2

(a) Explain why countries measure national income.

(b) Explain the view that demand-side policies are the most effective method of increasing the level of national income.

### May 12/SP1(TZ2Y/Q2

(a) Using AD/AS diagrams, explain how inflation may be caused by demand pull and cost push factors

(b) Evaluate the view that the consequences of deflation are likely to be more harmful to an economy than the consequences of inflation

### Nov 11/SP1/Q2

(a) Explain three factors that could cause an economy to go into recession.

(b) Evaluate the effectiveness of governments using demand-side policies to take an economy out of a recession.