



ÉCOLE GLOBALE

INTERNATIONAL GIRLS' SCHOOL

Dehradun

HOLIDAY HOMEWORK – CIE AS LEVEL ECONOMICS

Unit 1 : BASIC ECONOMIC IDEAS AND RESOURCE ALLOCATION

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| Q1. | Explain the link between the basic economic problem of scarcity and opportunity cost | 8 |
| Q2. | Explain the functions of price in a market economy. | 8 |
| Q3. | Explain what is meant by labour productivity and show how changes in labour productivity may affect an economy's production possibility curve. | 8 |
| Q4. | Discuss whether increased division of labour among workers and nations brings only benefits. | |
| Q5. | Explain how inflation affects the functions of money | 8 |
| Q6. | An economy is faced by the exhaustion of an important natural resource at a time when it is introducing improved technology.
Explain how these events will affect the economy's production possibility curve | 8 |
| Q7. | Explain the differences in the features of a market economy and a planned economy. | 8 |
| Q8. | Explain the contributions of enterprise and division of labour to an economy. | 8 |
| Q9. | Explain the characteristics required by money if it is to carry out its functions effectively. | 8 |
| Q10. | Explain the three economic questions that all economies face because of the basic economic problem | 8 |
| Q11. | Discuss whether the price mechanism is an effective way to solve the basic economic problem | 12 |
| Q12. | Discuss whether planning has any role to play in the allocation of resources in a modern , mixed economic system | 12 |
| Q13. | Discuss whether the operation of a market economy always produces a desirable outcome. | 12 |
| Q14. | Discuss the desirability of the worldwide movement towards the market economy and away from the planned economy. | 12 |
| Q15. | Discuss the desirability of the direct provision of goods and services by the government. | 12 |

Unit 2

THE PRICE SYSTEM AND THE MICRO ECONOMY

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| Q16. Explain what influences the price elasticity of supply of a product. | 8 |
| Q17. Explain the difference between elastic, inelastic and fixed supply | 8 |
| Q18. Increasing raw material costs cause the price of a good to rise. Explain the effect of this price rise for the good on the markets for its substitute and complementary goods. | 8 |
| Q19. Explain the meaning of the equilibrium price of a good and how it is set in a free market. | 8 |
| Q20. Explain with examples, the significance of the value of a goods cross-elasticity of demand in relation to its substitutes and complements. | 8 |
| Q21. Discuss whether farmers will benefit from producing goods which have low price elasticities of demand and supply. | 12 |
| Q22. Discuss whether the demand for mobile phones is likely to be price elastic or price inelastic. | 12 |
| Q23. Discuss whether the elasticity of supply of manufactured goods is likely to be greater than the elasticity of supply of agricultural goods. | 12 |
| Q24. Discuss the usefulness to businesses of a knowledge of price elasticity of demand and income elasticity of demand. | 12 |

Unit 3

GOVERNMENT MICROECONOMIC INTERVENTION

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| Q25. Discuss whether high indirect taxes are the best way to discourage consumption of harmful commodities | 8 |
| Q26. Explain, with examples the meaning of the terms public good and merit good. | 8 |
| Q27. Explain the effect of the removal of an indirect tax upon the market for a product. | 8 |
| Q28. Explain the effects of externalities on the allocation of resources. | 8 |
| Q29. Explain with examples the difference between a demerit good and a merit good. | 8 |
| Q30. Explain the market failure which arises from the characteristics of public goods. | 8 |
| Q31. Discuss whether the use of cost-benefit analysis helps to improve economic decision making. | 12 |
| Q32. Discuss how a government might increase the provision of public and merit goods. | 12 |
| Q33. Discuss whether the introduction of maximum prices by a government would solve the problem of scarcity. | 12 |
| Q34. Discuss whether an indirect tax is a satisfactory way to tackle a negative externality such as air pollution. | 12 |
| Q35. Explain the meaning of public good and private good. | 12 |
| Q36. Discuss whether economic actions by individuals always result in a net benefit to society. | 12 |
| Q37. Discuss the use of indirect taxes and subsidies by government to deal with externalities. | 12 |
| Q38. Discuss two methods that a government might use to influence the consumption of demerit goods. | 12 |