



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

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

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