1.1 BASIC CONCEPTS (Economic Problem, Needs wants, Opp Cost, Eco Qs, FOP, Div of Lab)

Q1 (N02/P2/Q2)
(a) Explain the link between the basic economic problem of scarcity and opportunity cost. [8]

Q2 (N02/P3/Q1)
(a) Explain how scarcity, choice and cost are related to the problems of consumers and producers. [12]

Q3 (J03/P2/Q2)
(b) Discuss whether the introduction of maximum prices by a government would solve the problem of scarcity. [10]

Q4 (N03/P2/Q2)
(b) Discuss whether increased division of labour among workers and nations brings only benefits. [12]

Q5 (N05/P2/Q4)
(b) Discuss the view that 'labour is the most important factor of production and therefore the division of labour should be applied to its maximum extent'. [12]

Q6 (J07/P2/Q2)
(a) Explain the contributions of enterprise and division of labour to an economy. [8]

Q8 (J10/P23/Q2)
(a) With the help of examples, explain why different economic decision makers face the problem of scarcity. [8]

Q9 (N11/P22/Q2)
(b) Discuss whether the introduction of maximum prices by a government would solve the problem of scarcity. [10]

Q10 (S12/P23/Q2)
(a) Discuss whether increased division of labour among workers and nations brings only benefits. [12]

Q11 (W13/P23/Q2)
(a) Explain the role of the enterprise factor of production in a free market economy, and compare this with the role of the other factors in the production process. [8]

Q12 (S15/P21/Q3)
(a) Explain how the contribution of each factor of production differs in an agricultural economy from that in an industrialised economy. [8]

1.2 DIFFERENT ALLOCATIVE MECHANISMS (ECONOMIC SYSTEMS)

Q1 (N02/P2/Q2)
(b) Discuss whether planning has any role to play in the allocation of resources in a modern, mixed economic system. [12]

Q2 (J03/P2/Q2)
(a) Explain the functions of price in a market economy. [10]

Q3 (J03/P2/Q2)
(a) Explain the functions of price in a market economy. [10]

Q4 (J04/P2/Q2)
(b) Discuss whether the operation of a market economy always produces a desirable outcome. [12]

Q5 (J05/P2/Q2)
(a) Explain the differences in the features of a market economy and a planned economy. [8]

Q6 (N06/P2/Q2)
(a) Discuss whether a mixed economy is the best way for a country to deal with the basic economic problem. [12]

Q7 (J07/P2/Q2)
(b) Discuss the desirability of the worldwide movement towards the market economy and away from the planned economy. [12]

Q8 (N07/P2/Q3)
(a) Explain how resources are allocated in a market economy. [8]

Q9 (J08/P2/Q2)
(a) Explain the three economic questions that all economies face because of the basic economic problem. [8]

Q10 (J09/P21/Q2)
(b) Discuss whether a market economy can solve the problem of scarcity more effectively than a command economy. [12]

Q11 (J10/P23/Q2)
(b) Discuss why the mixed economy is the most common economic system. [12]

Q12 (N10/P2/Q3)
(b) Discuss the importance of price in the effective operation of a mixed economy. [12]

Q13 (J11/P21/Q2)
(a) Explain the functions of an economic system. [8]

Q14 (J11/P21/Q2)
(b) Discuss possible reasons why mixed economic systems have replaced most of the former planned economic systems. [12]
Q15 (J11/P22/Q2)
(a) Explain the role that a government should fulfill in a mixed economy. [8]

Q16 (J11/P23/Q2)
(a) Explain how resources are allocated in a free market economy. [8]

Q17 (J11/P23/Q2)
(b) Discuss how the market system might be influenced by government intervention to provide appropriate quantities of goods and services. [12]

Q18 (N11/P21/Q2)
(a) Explain how a government’s approach to making a decision about a construction project might differ from that of a private firm. [8]

Q19 (N11/P23/Q2)
(b) Discuss the effectiveness of free market economies in raising the level of welfare. [12]

Q20 (S12/P21/Q2)
(b) Discuss the difficulties involved in changing a planned economy to a successful market economy. [12]

Q21 (S12/P23/Q2)
(b) Discuss whether planned economies should always be replaced by free market economies. [12]

Q22 (W12/P22/Q3)
(b) Discuss the ease with which a planned economy may be changed into a market economy. [12]

Q23 (S13/P23/Q2)
(b) Discuss whether free market economies or centrally planned economies are more likely to make choices that will maximise the benefit for consumers. [12]

Q24 (W13/P23/Q2)
(b) Explain the key differences between centrally planned and mixed economies, and discuss whether enterprise is a factor of production that is needed in a centrally planned economy. [12]

Q25 (S14/P21/Q3)
(b) Discuss the view that a market economy is always preferable to a planned economy because of the existence of the price mechanism. [12]

Q26 (W14/P22/Q2)
(a) With the use of a diagram, explain how prices allocate scarce resources in a market economy. [8]

Q27 (W14/P22/Q2)
(b) Discuss whether prices are less important in allocating scarce resources in a mixed economy compared with a market economy. [12]

Q28 (S15/P21/Q3)
(b) Discuss whether entrepreneurs or governments are more likely to cause economic growth in a mixed economy. [12]

1.3 PRODUCTION POSSIBILITY CURVE

Q1 (N03/P2/Q2)
(a) Explain what is meant by labour productivity, and show how changes in labour productivity may affect an economy’s production possibility curve. [8]

Q2 (J04/P2/Q2)
(a) 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]

Q3 (N06/P2/Q2)
(a) Explain how production possibility curves might be used in assessing a country’s economic performance. [8]

Q4 (J09/P21/Q2)
(a) An economy can produce agricultural and industrial goods. Explain the possible effects on its production possibility curve if there is an increase in the productivity of its agricultural workers. [8]

Q5 (J10/P22/Q2)
(a) Explain how a country’s production possibility curve depends upon its factors of production. [8]

Q6 (N10/P21/Q2)
(a) Explain how microeconomic and macroeconomic issues may be represented using production possibility curves. [8]

Q7 (N10/P22/Q2)
(a) Explain how microeconomic and macroeconomic issues may be represented using production possibility curves. [8]

Q8 (N11/P22/Q2)
(a) Show how production possibility curves may be used to explain any two economic ideas. [8]

Q9 (N11/P23/Q2)
(a) Explain, with the help of a diagram, how an economy can in the short run and long run enjoy consumption beyond its current production possibility curve. [8]

Q10 (S12/P21/Q2)
(a) Explain how the loss of confidence in money will affect an economy’s production possibility curve. [8]

Q10 (S12/P22/Q2)
(b) Discuss whether an economy’s production possibility curve is more likely to move inward or outward over time. [12]

Q11 (W12/P22/Q3)
(a) Explain, with the help of a production possibility diagram, how the opportunity cost of producing different combinations of goods can be measured. [8]

Q12 (S13/P23/Q2)
(a) With the help of a diagram, explain how a production possibility curve can illustrate the concepts of opportunity cost and economic growth. [8]
Q13 (W14/P23/Q2)
(a) Show how the economic problem can be explained with the use of a production possibility curve. [8]
(b) Discuss whether an outward shift in a country's production possibility curve will always raise the welfare of the citizens of that country. [12]

1.4 MONEY
Q1 (W01/P2/Q3)
(a) Explain the importance of the functions of money to the efficient operation of a modern economy. [8]
Q2 (N04/P2/Q2)
(a) Explain how inflation affects the functions of money. [8]
Q3 (J05/P2/Q3)
(a) Explain why economies make use of money. [8]
Q4 (N08/P2/Q2)
(a) Explain the characteristics required by money if it is to carry out its functions effectively. [8]
Q5 (J10/P21/Q2)
(b) Discuss how the operation of a barter economy would be affected by the introduction of money. [12]
Q6 (N10/P21/Q2), (N10/P22/Q2)
(b) Discuss whether money or the division of labour is likely to have contributed more to economic progress. [12]

1.5 GOODS (Public, Private, Merit, Demerit, Information Failure)
Q1 (N02/P3/Q11)
(a) Use examples to distinguish between
(i) a private good and a public good,
(ii) a social cost and a negative externality. (Now in A2) [12]
Q2 (N02/P2/Q4)
(a) Explain, with examples, the meaning of the terms public good and merit good. [8]
Q3 (N02/P2/Q4)
(b) Discuss how a government might increase the provision of public and merit goods. [12]
Q4 (N04/P2/Q4)
(a) Explain the meaning of 'public good' and 'private good'. [8]
Q5 (J06/P2/Q3)
(a) Explain, with examples, the difference between a demerit good and a merit good. [8]
Q6 (J09/P2/Q2)
(b) Economists also classify goods in others ways. Discuss the extent to which an economist would classify a packet of cigarettes and a vaccination against influenza as similar types of good. [12]
Q7 (N09/P2/Q3)
(a) Explain why a lighthouse is often given as an example of a public good while a light bulb is not. [8]
Q8 (J10/P22/Q3)
(b) Discuss whether national defence or a public park is the better example of a public good. [12]
Q9 (N11/P21/Q2)
(b) Discuss whether economists would classify healthcare and national defence in the same way. [12]
Q10 (W13/P22/Q3)
(a) Use diagrams to explain the difference between merit goods and demerit goods. [8]
Q11 (S14/P21/Q3)
(a) Explain the difference between private goods and public goods, and why it is possible for a business to make a profit in the supply of private goods but not in the supply of a public good. [8]
Q12 (S15/P22/Q3)
(a) Using examples, explain the difference between merit goods and public goods and show why it is possible for profit to be made in the supply of one of these types of good but not the other. [8]
2.1 MARKET, DEMAND & SUPPLY, MARKET EQUILIBRIUM, RATIONING, SIGNALING

Q1 (N01/P2/Q2)
(a) Explain how the market system allocates scarce resources.

Q2 (N02/P3/Q2)
In a free competitive market, a shortage causes price to rise, a surplus causes price to fall. In some markets this does not happen because a minimum price is fixed by producers.

Q3 (I04/P2/Q3)
(a) Increasing raw material costs cause the price of a good to rise. Explain effect of this price rise for the good on the markets for its substitute and complementary goods.

Q4 (N04/P3/Q2)
The terrorist attack on New York on 11 September 2001 caused a worldwide recession and an increased fear of flying, both of which severely affected the demand for travel by air. This led to the closure of some of the major airlines in the world.

Q5 (N05/P2/Q3)
(a) Explain the meaning of the 'equilibrium price' of a good and how it is set in a free market.

Q6 (N07/P2/Q2)
(a) Explain how an equilibrium price for a product is established in the market and how it may change.

Q7 (I08/P2/Q2)
(b) Discuss whether the price mechanism is an effective way to solve the basic economic problem.

Q8 (N09/P21/Q2)
(a) Explain, with the help of a diagram, how the price of a product moves to a new equilibrium following a decrease in its supply.

Q9 (N09/P22/Q2)
(b) Discuss how reduced air fares on low-cost budget airlines might affect the air travel market and the markets for related goods and services.

Q10 (J10/P21/Q3)
(a) 'A free market price operates as a rationing and allocating mechanism.' Explain how it does this.

Q11 (N10/P2/Q3)
(b) Discuss the importance of price in the effective operation of a mixed economy.

Q12 (J11/P22/Q3)
(a) Using economic analysis, explain the possible causes of the increase in the sales of electronic goods, such as mp3 players, in recent years.

Q13 (N11/P22/Q2)
(a) Explain the influences which determine the level of demand for healthcare in an economy.

Q14 (S13/P22/Q2)
In a free market price rations scarce goods.

Q15 (W13/P21/Q3)
A firm that produces yoghurt is given the following information about the price elasticity of demand of various flavours: strawberry (~0.8), vanilla (~1.0), pineapple (~2.5).

(b) Explain the factors that would lead to an increase in the demand for all types of yoghurt and discuss the extent to which the firm can influence these factors.

Q16 (S14/P22/Q2)
(a) Explain the meaning of the term 'equilibrium price and quantity' in the market for a good or service and show how a new equilibrium is established when there is an increase in demand.

2.2 ELASTICITIES

Q1 (W01/P2/Q4)
(a) Explain the difference between price elasticity of demand and income elasticity of demand.

Q2 (W01/P2/Q4)
(b) Discuss the value of these concepts to a company in planning its business strategy.

Q3 (J03/P2/Q3)
(a) Explain what influences the price elasticity of supply of a product.

Q4 (J03/P2/Q3)
(b) Discuss whether farmers will benefit from producing goods which have low price elasticities of demand and supply.

Q5 (N03/P3/Q1)
(a) Explain the concepts of price elasticity of demand and income elasticity of demand, indicating why elasticities are different for different products.

Q6 (N03/P3/Q1)
(b) Discuss how a supplier of a product that is currently fashionable might use both of these concepts in making price and output decisions.

Q7 (I04/P2/Q3)
(b) Discuss the usefulness to businesses of knowledge of price elasticity of demand and income elasticity of demand.

Q8 (N04/P3/Q2)
The terrorist attack on New York on 11 September 2001 caused a worldwide recession and an increased fear of flying, both of which severely affected the demand for travel by air. This led to the closure of some of the major airlines in the world.

(b) Assess the relevance of price elasticity of demand, income elasticity of demand, cross-elasticity of demand and price elasticity of supply in explaining the effects of these events on the airline industry.

Q9 (N04/P2/Q3)
(a) Explain the difference between elastic, inelastic and fixed supply.

Q10 (N04/P2/Q3)
(a) Discuss whether the elasticity of supply of manufactured goods is likely to be greater than the elasticity of supply of agricultural goods.

Q11 (J06/P2/Q2)
(a) Explain, with examples, the significance of the value of a good’s cross-elasticity of demand in relation to its substitutes and complements.

Q12 (J06/P2/Q2)
(b) Discuss whether the demand for mobile phones (cell phones) is likely to be price-elastic or price-inelastic.

Q13 (N07/P2/Q2)
(b) Discuss whether a firm’s revenue would increase, in response to price and income changes, if the price elasticity and income elasticity of demand for its product became highly elastic.

Q14 (J09/P22/Q2)
(a) Explain, with examples and diagrams, the effects of a decrease in incomes on the markets for normal and inferior goods.

Q15 (N10/P2/Q3)
(a) With reference to the relevant type of elasticity of demand, explain the terms:
   (i) Inferior good, and
   (ii) Complementary good.

Q16 (J11/P2/Q3)
(a) Explain how and why the price elasticity of supply of agricultural goods differs from that of manufactured goods.

Q17 (S12/P21/Q3)
(a) Explain, using elasticity of demand, the possible reasons why in some countries there has been an increased use of private transport instead of public transport.

Q18 (S12/P22/Q3)
(a) Explain, using elasticity of demand, why a train company might introduce a policy of raising fares at busy travel times and lowering fares at less busy travel times.

Q19 (S12/P23/Q3)
(a) Explain how income elasticity of demand and cross elasticity of demand can be used to classify different types of goods.

Q20 (S13/P23/Q3)
(a) Explain, using economic analysis, how economists decide whether goods are substitutes or complementary goods.

Q21 (W13/P21/Q3)
A firm that produces yoghurt is given the following information about the price elasticity of demand of various flavours: strawberry (–0.8), vanilla (–1.0), pineapple (–2.5).

(a) Explain the pricing policy that the firm should adopt for each of the flavours if it wants to increase total revenue.

Q22 (S14/P21/Q2)
(a) Explain whether you would expect the price elasticity of supply of an agricultural product, such as rice, in a market to be elastic or inelastic.

Q23 (S14/P21/Q2)
(b) Discuss the extent to which a government can increase the supply of an agricultural product to an economy in the short-run and in the long-run.

Q24 (S14/P22/Q3)
(a) Distinguish between income elasticity of demand and cross elasticity of demand and explain how each is used to identify different types of product.

Q25 (S14/P22/Q3)
(b) Discuss which of these two types of elasticity would be more useful when predicting how a firm’s revenues would change as demand factors change in a market economy.

Q26 (S14/P23/Q2)
(a) Explain the factors that might make the price elasticity of demand for a good highly inelastic.

Q27 (S14/P23/Q2)
(b) Discuss why businesses might attempt to change the price elasticity of demand for their products and consider whether it is likely that they will be successful in their attempt.

Q28 (W14/P21/Q3)
(a) Explain the factors that determine whether the price elasticity of demand for a product has a high value or a low value.

Q29 (W14/P21/Q3)
(b) Discuss whether it is both possible and beneficial for a business to change the price elasticity of demand for its product.

Q30 (W14/P22/Q3)
(a) Explain why the value of income elasticity of demand for a good can be positive, negative or zero, while the value of its price elasticity of demand is most likely to be negative.

Q31 (W14/P22/Q3)
(b) Discuss whether price elasticity of demand is a more useful concept than income elasticity of demand for a business that is trying to increase its sales revenue. [12]

Q32 (S15/P21/Q2)
(a) Explain two factors that are likely to make the supply of a product relatively price inelastic. [8]

Q33 (S15/P21/Q2)
(b) Discuss how governments might attempt to make the supply of an essential good more responsive to a change in its price and assess the likely effectiveness of such attempts. [12]

Q34 (S15/P22/Q2)
(a) Explain how economists measure the way in which demand for a good changes when income changes and, with the help of a diagram, show why some goods are classified as ‘inferior goods’. [8]

Q35 (S15/P22/Q3)
(b) Discuss how useful governments might find the concepts of price and income elasticity of demand when setting economic policy. [12]

Q36 (S15/P23/Q2)
(a) Question is not available: Topic was YED and its use for classifying Inferior goods and necessities. [8]

Q37 (S15/P23/Q2)
(b) Question is not available: Topic was YED and its use throughout the country in case of recession. [12]

2.3 CONSUMER SURPLUS
Q1 (J10/P2/Q4)
(a) Using a normal demand curve, explain how consumer surplus occurs. [8]

Q2 (W12/P23/Q2)
(a) Explain, with the aid of a diagram, what changes will alter the amount of consumer surplus available from the consumption of a good. [8]

Chapter 3: Government Microeconomic Intervention (AS)

3.1 MAXIMUM & MINIMUM PRICE
Q1 (J03/P2/Q2)
(b) Discuss whether the introduction of maximum prices by a government would solve the problem of scarcity. [10]

Q2 (J09/P22/Q3)
(a) Explain, with the help of an example, the effects when a government introduces a maximum price for a good or service. [8]

Q3 (S12/P23/Q3)
(b) Discuss the effectiveness of government use of maximum and minimum prices to help consumers and producers. [12]

Q4 (S13/P22/Q3)
(b) Discuss whether preventing the price mechanism from working freely by using government price controls can ever be effective. [12]

Q5 (W13/P22/Q2)
In September 2011 the Kenyan government reintroduced price controls to ensure that basic commodities were sold to the citizens at reasonable prices.
(a) With the help of a diagram(s), contrast the impact of a maximum price fixed below equilibrium market price with one that is fixed above it. [8]

Q6 (W13/P22/Q2)
In September 2011 the Kenyan government reintroduced price controls to ensure that basic commodities were sold to the citizens at reasonable prices.
(b) In view of the problems of allocation that might arise with effective maximum price legislation discuss how these problems might be overcome. [12]

Q7 (S14/P22/Q2)
(b) Discuss the view that attempts to help poorer consumers through the imposition of a maximum price for food items will always fail. [12]

Q8 (W14/P21/Q2)
(b) Discuss whether minimum price legislation or the imposition of an indirect tax is more effective in improving resource allocation when the consumption of a good causes negative externalities. [12]

3.2 TAX, DIRECT & INDIRECT TAXES, SPECIFIC AD VALOREM TAX, CANONS OF TAXATION AND SUBSIDIES
Q1 (N03/P2/Q3)
(a) Explain the effect of the removal of an indirect tax upon the market for a product. [8]

Q2 (N03/P2/Q3)
(b) Discuss whether an indirect tax is a satisfactory way to tackle a negative externality, such as air pollution. [12]

Q3 (N05/P2/Q2)
(b) Discuss the use of indirect taxes and subsidies by governments to deal with externalities. [12]

Q4 (N07/P2/Q3)
(b) Discuss, with the aid of a demand and supply diagram, the effects on consumers and producers when the government introduces an indirect tax on a good. [12]

Q5 (J09/P21/Q3)
(a) Explain, with the aid of a diagram, how consumer surplus will be affected by the introduction of an indirect tax. [8]

Q6 (J09/P21/Q3)
(b) Discuss the advantages and disadvantages of using indirect taxes to deal with the negative externalities associated with some products. [12]

Q7 (J09/P22/Q3)
(b) With the help of a diagram, discuss how desirable it is for a government to pay subsidies to producers. [12]
Q8  (N09/P21/Q2)
(b) Discuss whether government intervention always improves the operation of the market. [12]

Q9  (N09/P2/Q2)
(a) With the aid of a diagram, explain how a government subsidy to producers of fuel will affect the producers and government expenditure. [8]

Q10  (J10/P2/Q4)
(b) With the help of diagrams, discuss whether consumers will benefit from the introduction on a product of
(i) an indirect tax, and
(ii) an effective maximum price. [12]

Q11  (J11/P22/Q3)
(b) Suggest two possible reasons why a government might increase the indirect tax on such goods (electronic goods) and discuss, in light of these reasons, the likely effectiveness of such a policy. [12]

Q12  (J11/P23/Q3)
(b) Discuss whether the payment of government subsidies to farmers is a beneficial policy. [12]

Q13  (S12/P21/Q3)
(b) Discuss the economic reasons for subsidising public transport and taxing private transport. [12]

Q14  (W12/P21/Q3)
(a) Explain, with the use of diagrams, the different effects on the price and quantity of a product of the removal of a subsidy and the removal of an indirect tax on that product. [8]
(b) Discuss the possible benefits and drawbacks of government subsidies to agriculture. [12]

Q15  (W12/P21/Q3)
(a) Explain why the free market is ineffective in arriving at the correct price for merit goods and demerit goods. [8]
(b) Discuss the policies a government might adopt to ensure the correct price for merit and demerit goods is charged in the market. [12]

Q16  (S13/P21/Q2)
(b) Explain on which goods and services the government should impose indirect taxes to ensure that the incidence of the tax falls mainly on consumers, and discuss the extent to which consumer surplus would be affected. [12]

Q17  (S13/P21/Q2)
(b) Discuss whether it would be better if smoking were banned completely or whether it should be subject to an indirect tax. [12]

Q18  (W14/P21/Q2)
(a) Using a supply and demand diagram, explain how the imposition of a subsidy on a good would affect the surplus enjoyed by the producers of that good. [8]

3.3 TRANSFER PAYMENTS, GOVT PROVISION OF GOODS, PRIVATISATION, NATIONALISATION

Q1  (J05/P2/Q2)
(b) Discuss the desirability of the direct provision of goods and services by the government. [12]

Q2  (N06/P3/Q1)
Discuss, with economic reasons to support your arguments, whether the Singapore government currently adopts the most appropriate economic policies in the provision of education. [25]

Q3  (J10/P21/Q3)
(b) Discuss why certain goods and services are usually supplied directly by the government rather than through the market. [12]

Q4  (J11/P22/Q2)
(b) Discuss the accuracy of the definition of public and merit goods as 'goods that must be provided by the government'. [12]

Q5  (N11/P22/Q2)
(b) Discuss whether healthcare can and should be provided by the free market. [12]

Q6  (S12/P22/Q3)
(b) Discuss why some governments decide that it is undesirable to leave the provision of private goods, such as train travel, to the private sector. [12]

Q7  (W12/P23/Q2)
(b) Discuss why in many countries some services, such as education and healthcare, are supplied both by the government and private producers. [12]

Good Luck!