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# ECONOMICS FOR BUSINESS

Wednesday 7<sup>th</sup> September 2022

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## Time allowed

Three hours

## Instructions

- Ensure that you pay particular attention to words in **bold**.
- Write the question number next to each answer in your answer booklet.
- You are **not** required to rewrite the question in your answer booklet.

## Information

- Different questions may carry a different number of marks.
- Marks for each question are shown in [ ].

## Advice

- Read each question carefully before you start to answer it.
- Use the full time permitted and check all your answers.

## Materials

- Notes or books are **not** permitted.
- Non-programmable calculators are permitted.



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**ANSWER ANY FIVE QUESTIONS FROM THE FOLLOWING EIGHT QUESTIONS**

1. (a) Describe the economic problem in terms of scarcity, choice and opportunity cost. [10 marks]  
(b) Explain the production possibility curve and its relationship with opportunity cost. [10 marks]  
Use a diagram to support your explanation.
2. Discuss the main supply side measures used in an economically developed economy to restore the influence of market forces. Use examples to support your discussion. [20 marks]
3. Discuss the arguments in favour of protectionism in international trade. Use examples to support your discussion. [20 marks]
4. (a) Describe the main elements of the current account of the balance of payments. [10 marks]  
Use examples to support your description.  
(b) Explain what is meant by a deficit on current account of the balance of payments and **two** ways in which a government might seek to reduce the deficit. [10 marks]
5. Explain the similarities and differences between the price mechanism (free market economy) and the command (planned) economy as a way of dealing with the economic problem of resource allocation. [20 marks]
6. (a) Explain the effect a rise in consumer income will have on demand for a consumer durable product such as smartphones. Use a diagram to support your explanation. [8 marks]  
(b) Discuss **three** factors (other than consumer income) that can increase the consumer demand for a durable product. [12 marks]
7. (a) Describe the assumptions on which perfect competition is based. [10 marks]  
(b) Explain the equilibrium position of a perfectly competitive company in the long run. Use a diagram to support your explanation. [10 marks]
8. (a) Explain the main features of a multinational global enterprise. [8 marks]  
(b) Discuss the benefits to a country with an emerging economic market of global multinational activity. [12 marks]

**END OF QUESTIONS**