



ECONOMICS FOR BUSINESS

Tuesday 7th March 2023

Time allowed

- You have 3 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.



ICM

ANSWER ANY FIVE QUESTIONS FROM THE FOLLOWING EIGHT QUESTIONS

1. (a) Explain the assumptions on which a monopoly is based. [10 marks]
(b) Explain what is meant by the term 'price discrimination', including the **three** conditions necessary for a company to effectively practise price discrimination. [10 marks]
2. (a) Describe the **four** factors of production. Use examples to support your description. [12 marks]
(b) Robbins (1932) defines economics as "a relationship between ends and scarce means which have alternative uses".
Discuss this statement in terms of scarcity, choice and opportunity cost. [8 marks]
3. (a) Describe the structure of the balance of payments current account. [10 marks]
(b) Explain what is meant by a currency exchange rate, including the difference between a fixed exchange rate and a floating exchange rate. [10 marks]
4. (a) Describe the economic features of a free market economy. [10 marks]
(b) Discuss the reasons a government will intervene in the free market economy. [10 marks]
5. (a) Explain what is meant by a recession, including the effect of recession on an economy. [8 marks]
(b) Explain the ways in which governments use each of the following during an economic recession:
(i) Fiscal policy [6 marks]
(ii) Monetary policy [6 marks]
6. (a) Explain the difference between a shift of the demand curve for a product and a movement along the product's demand curve. [10 marks]
(b) Explain why the demand curve for motor vehicles can shift outwards to the right, including the determinants/factors that affect demand. Use a diagram to support your explanation. [10 marks]
7. (a) Explain the way growth can increase potential output. Use a diagram of the production possibility curve (PPC) to support your explanation. [8 marks]
(b) Evaluate the advantages and disadvantages of economic growth. Use examples to support your evaluation. [12 marks]
8. (a) Explain what is meant by unemployment, including the ways unemployment is measured. [8 marks]
(b) Explain what is meant by the following types of unemployment:
 - Structural
 - Cyclical (demand deficient)[12 marks]

END OF QUESTIONS