

A NICE PILE OF QUESTIONS FOR GOOD STUDENTS
ECONOMICS B – PAPER 1 (THEME 1 &4)

| THEME 1 QUESTIONS | |
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| 1 | Explain why some entrepreneurs may have different business objectives |
| 2 | What is meant by satisficing, for whom might it be a likely business objective? |
| 3 | Why might some firms have social rather than profit objectives? |
| 4 | Explain, using a current example, what Schumpeter meant by “creative destruction”. |
| 5 | Why are entrepreneurs important in a market economy? |
| 6 | Explain, using a real example, what is meant by “adding value”. |
| 7 | What is the role of profit in a free market economy? |
| 8 | What non-financial motives might entrepreneurs have for starting and running a business? |
| 9 | Explain, using an example, what is meant by stakeholders |
| 10 | To what extent are stakeholders likely to have conflicting objectives? (Use examples) |
| 11 | What is meant by Corporate Social Responsibility? |
| 12 | To what extent is CSR a real aim of a business, and to what extent is it a public relations exercise ? |
| 13 | Explain with an example what is meant by the division of labour. |
| 14 | Why does specialisation lead to greater economic welfare? |
| 15 | Can an economy ever be too specialised? |
| 16 | What is meant by a mass market? (Use an example) |
| 17 | What is meant by a niche market (Use an example) |
| 18 | What are the advantages and disadvantages of operating in a mass market? (Use an example) |
| 19 | What are the advantages and disadvantages of operating in a niche market? (Use an example) |
| 20 | Explain with examples what is meant by primary market research |
| 21 | Explain with examples what is meant by secondary market research |
| 22 | What are the advantages and disadvantages of primary research? |
| 23 | What are the advantages and disadvantages of secondary market research? |
| 24 | Why does market research reduce the risk of entrepreneurship? |
| 25 | Why might market research sometimes not work effectively? |
| 26 | Why is sample size and choice important for effective market research? |

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| 27 | Using examples explain how and why firms might categorize customers into segment groups |
| 28 | How does market mapping or market positioning help a business to market a product or service successfully? |
| 29 | Why does the owner of a business benefit from turning the firm into a company? |
| 30 | For what purposes might a new firm need extra money? (credit) |
| 31 | Why might a business choose to rent some assets instead of buying them? (examples) |
| 32 | What is meant by an overdraft? In what circumstances might a business need one? |
| 33 | In what circumstances might a firm want to use trade credit? |
| 34 | Why might a company need to keep a balance between money raised from long term loans and the sale of shares when it is raising finance? |
| 35 | Explain why modern methods of finance such as "peer to peer" funding and crowd funding have become so popular |
| 36 | Why is 60% of all business finance still internal funds rather than external? |
| 37 | Why might a small firm find credit more difficult to find than bigger, more established firms? |
| 38 | Why do we need banks? |
| 39 | Why is the average cost curve U shaped? |
| 40 | Explain how break even may be calculated from price, fixed costs and variable costs |
| 41 | Why is it important for a business to allow a margin of safety in its business planning? |
| 42 | "Gross profit is interesting but not useful" Why? |
| 43 | "Profit is vanity, cash is sanity" What on earth does that mean? |
| 44 | If a business predicts that it may only just survive in the next few months, suggest some strategies the firm might adopt |
| 45 | Why do more firms fail due to cash flow problems than because they are not making a long term profit? |
| 46 | Explain the basic economic problem |
| 47 | Use examples to explain the importance of opportunity cost to producers, consumers and government |
| 48 | How are factors of production used in the production of a good or service of your choosing? |
| 49 | What is meant by effective demand? |
| 50 | Explain the main conditions of demand |
| 51 | What is meant by supply? |
| 52 | Explain the main conditions of supply |
| 53 | Use a diagram to show how price and quantity are determined in a market |
| 54 | Use a diagram to show how market forces eliminate excess demand and excess supply |

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| 55 | Draw diagrams to show the impact of an increase in demand and an increase in supply on price and quantity |
| 56 | Explain the main limitations of the supply and demand model |
| 57 | Show how different firms will be affected differently by a rise in interest rates |
| 58 | Assess the potential impact of the depreciation in the value of the £ on UK firms |
| 59 | What is hedging and how can it protect firms from exchange rate fluctuations? |
| 60 | Use examples to explain the difference between direct and indirect taxation |
| 61 | Explain the difference between progressive and regressive taxation |
| 62 | Use a supply and demand diagram to show the impact of a rise in VAT on a product |
| 63 | Assess the case for a cut in taxation |
| 64 | To what extent will a firm be affected by a rise in unemployment? |
| 65 | What is inflation and what are its main causes? |
| 66 | Assess the impact of rising inflation on firms |
| 67 | “High inflation is more of a problem to firms than rising unemployment”, discuss |
| 68 | What is market failure? |
| 69 | Explain the main causes of market failure |
| 70 | Explain how markets work well when social benefits exceed social costs |
| 71 | Explain how externalities can lead to an overconsumption of certain goods |
| 72 | Explain how externalities can lead to an overproduction of certain goods |
| 73 | Evaluate strategies to reduce market failure associated with the overconsumption of unhealthy foods |
| 74 | Assess the case for a minimum price for alcohol |
| 75 | Assess the case for a tax on sugar sweetened drinks |
| 76 | Assess the case for the NHS making e cigarettes available on prescription |
| 77 | Explain the main types of government failure |
| 78 | Explain how higher taxation on tobacco may lead to government failure |
| 79 | Explain the main functions of the price mechanism |
| 80 | Evaluate the price mechanism as a means to solve the basic economic problem |
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| | THEME 4 QUESTIONS |
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| 81 | Use examples to explain the difference between private costs and external costs |
| 82 | Use examples to explain the difference between private benefits and external benefits |
| 82 | How is society impacted if prices do not reflect both private and external costs? |
| 84 | Assess the environmental externalities associated with the production of energy |
| 85 | What is a merit good? |
| 86 | Assess the case for the government providing health care that is free at the point of consumption |
| 87 | E cigarettes are a merit good, discuss |
| 88 | What is a demerit good? |
| 89 | Assess the case for further government intervention to reduce alcohol consumption |
| 90 | Use a diagram to show the impact of a tax on tobacco |
| 91 | Compare command and control, taxation and tradeable permits as methods to deal with market failure related to pollution |
| 92 | Explain how factor immobility leads to the labour market working less effectively than it should |
| 93 | Explain the consequences to the economy, of labour being occupational and geographically immobile |
| 94 | Examine strategies that can be used to improve occupational and geographical mobility of labour |
| 95 | What is meant by asymmetric information? |
| 96 | Explain how imperfect information can lead to market failure |
| 97 | Use examples to explain how government intervention can close the information gap in specific markets |
| 98 | What is climate change? |
| 99 | What are the potential economic costs of climate change? Assess if these are likely to be more significant in the short term or long term? |
| 100 | Use the tragedy of the commons to explain why it is so hard to reduce global CO2 emissions |
| 101 | Explain the characteristics of a public good |
| 102 | Explain why public goods generally have to be provided by the state |
| 103 | Discuss the view that the BBC is a public good |
| 104 | Draw and fully label an AD/AS diagram to show how the price level and output are determined in an economy |
| 105 | Illustrate and explain the circular flow of income |
| 106 | Explain the main components of Aggregate Demand |
| 107 | Draw an Aggregate Supply Curve – why is it this shape? |

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| 108 | Explain how Aggregate Supply is affected by changes in the cost of inputs and productivity |
| 109 | What is meant by full capacity output and why is this important? |
| 110 | Use a diagram to show how an increase in AD will impact inflation and output, when the economy is close to full capacity |
| 111 | Use a diagram to show how an increase in AD will impact inflation and output, when the economy is in a recession |
| 112 | Draw a diagram to show how an increase in AD will lead to non-inflationary growth, if AS also increases |
| 113 | Use the circular flow of income to explain the multiplier effect |
| 114 | Explain the importance of the marginal propensity to consume when looking at the multiplier |
| 115 | Explain the difference between monetary and fiscal policy |
| 116 | Explain how fiscal policy can be used to deal with a recession |
| 117 | Explain how monetary policy can be used to control inflation |
| 118 | What is meant by a liquidity trap? Explain why this can reduce the effectiveness of monetary policy |
| 119 | Explain how quantitative easing works. What are the potential costs and benefits of this policy? |
| 120 | Use diagrams to show the impact of expansionary and contractionary economic policies |
| 121 | Compare monetary and fiscal policy as ways to manage the macro economy |
| 122 | What are the weaknesses/limitations of monetary policy? |
| 123 | What are the weaknesses/limitations of fiscal policy? |
| 124 | Discuss the potential policy conflicts and trade-offs of demand-side economic policies |
| 125 | What are supply side policies and how are they supposed to work? |
| 126 | Discuss different supply side policies to: <ul style="list-style-type: none"> ● increase incentives ● promote competition ● reform the labour market ● improve the skills and quality of the labour force ● improve the infrastructure |
| 127 | Compare market based and interventionist supply side policies |
| 128 | Discuss the strengths and weaknesses of different supply side policies |
| 129 | Compare demand side and supply side policies as methods of achieving economic objectives |
| 130 | Discuss the potential policy conflicts of supply side economic policies |
| 131 | What are the main macroeconomic objectives? |
| 132 | Why is it difficult to achieve all of these simultaneously? What trade-offs might there be and why? |
| 133 | How does the model of perfect competition explain how markets work? |

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| 134 | What is the impact of market structure on pricing decisions? |
| 135 | Why is non-price competition more likely in some competitive situations? |
| 136 | To what extent is the model of perfect competition really useful if it doesn't really exist? |
| 137 | What are barriers to entry and exit? How do they affect competition in real markets? |
| 138 | Why are oligopolists not keen to compete on price? |
| 139 | Why is the government keen to prevent cartels? |
| 140 | Explain, with examples what is meant by natural monopoly? |
| 141 | Why might the government block a merger or take-over such as Tesco buying Booker? |
| 142 | To what extent should privately owned (PLC) privatised utilities be regulated by the government? |
| 143 | What is the role of the Competition and Markets Authority? |
| 144 | How is EU competition policy different from UK competition policy? |
| 145 | What are the probable costs and benefits of regulation? Is it better to leave business alone? |
| 146 | How are the following calculated: Average cost, average revenue, marginal cost, marginal revenue? |
| 147 | Explain what is meant by productive and allocative efficiency? |
| 148 | Why are economists so concerned about what happens on "the margin"? |
| 149 | How might productivity (and productive efficiency) be improved? |
| 150 | What is the role of the financial sector in a successful economy? |
| 151 | Why did the UK financial sector fail in 2007? |
| 152 | What is the role of the Bank of England? |
| 153 | Is it possible for there to be another global financial crisis? |