

Issued On:		Past Paper Questions [PPQs]	<b>14 [25 – 39]</b>
Deadline:	<b>20<sup>th</sup> January 2021</b>	Model Questions [MQs]	
Marks : Time	<b>1 mark = 1 ½ Mnt</b>	Units - Essentials Covered	<b>Unit 1</b>

## Part - [A] PPC Application

**[01]** 2006 A/Ls (ECON-I, Part II): **Q2** Sub-parts (a) to (c)

**(a)** Draw a production possibilities curve reflecting increasing opportunity costs for an economy producing two goods, public sector goods (vertical axis) and private sector goods (horizontal axis). The economy is currently producing at point A which is located on the mid-point of the production possibilities curve and show it on the diagram.

**(02 marks)**

**(b)** Mark the following points on your diagram:

- I. Point (B) which shows production following the election of a new government which
- II. Privatizes many public sector services but maintains full and efficient employment.
- III. Point (C) where unemployment is present in the economy
- IV. Point (D) where the economy is in a recession.
- V. Point (E) where the state takes over production of all goods and services in the economy.

**(01 mark each)**

**(c)** Now draw two new production possibilities curves on the same diagram to show the following:

- I. The position after a devastating war has hit the economy.
- II. There is an increase in productivity by 50% in the public sector goods and by 100% in the private sector goods.

**(02 marks each)**

**[02]** 2007 A/Ls (ECON-I, Part II): **Q1** Sub-parts (III)

**(III)** How would the following events be shown using a production possibilities frontier for food and cloth?

- A. The economy is experiencing a recession.
- B. Economic growth takes place
- C. Society decides it wants more food and less cloth
- D. Technological advances takes place in food production sector

**(04 marks)**

**[03]** 2010 A/Ls (ECON-I, Part II): **Q2** Sub-parts (III)

**(III)** Construct a production possibilities curve (PPC) for a country facing increasing opportunity costs and show how the following events can be represented in a PPC framework.

- (a) A large number of skilled workers emigrating to other countries.
- (b) A recession
- (c) A new and better fertilizer is invented
- (d) Economic growth

**(04 marks)**

**[04]** 2013 A/Ls (ECON-II): **Q1** Sub-parts (V)

How does the production possibilities frontier help to illustrate the microeconomic and macroeconomic issues in the economy?

**(04 marks)**

**[05]** 2015 A/Ls (ECON-II): **Q1** Sub-parts (III)

Describe, using production possibilities curves, how economies can grow faster if they are willing to cut back on current consumption

**(04 marks)**

**[06]** 2016 A/Ls (ECON-II): **Q2** Sub-parts (IV)

**(IV)** Draw a production possibilities curve for a country facing increasing opportunity cost for producing paddy and textile. Show how the PPF changes given the following events:

**(02 marks)**

- (a) A new and better fertilizer is invented
- (b) There is a surge in the quantity of labour which can be employed in both sectors
- (c) A server drought results in a 10% decrease in usable farmland
- (d) A new technology is invented in the textile industry to reduce cost of production


**(04 marks)**

**[07]** 2020 A/Ls (ECON-II): **Q1** Sub-parts (IV)

Explain what happens to a country's production capacity due to a pandemic such as Covid 19 using a production possibilities curve

**(05 marks)**

### Part - [B] Economic System, Market Economic System

 **[08]** 2018 A/Ls (ECON – II): Q1 (III)  
List the three fundamental questions any economic system must answer and outline briefly the three basic economic systems that have evolved to answer these questions.

**[04 marks]**

2011 A/Ls (ECON-II): Q1 (I)

What re the three basic economic problems any economic system must address

**[03 marks]**

2008 A/Ls (ECON – I - II): Q1 (I)

What are the functions of an economic system?

**[03 marks]**


2007 A/Ls (ECON – I - II): Q1 (I)

What are the three basic economic questions

**[03 marks]**

[09] 2008 A/Ls (ECON – I - II): Q1 (II)  
**State** the reasons for the variety of economic systems [04 marks]

2006 A/Ls (ECON – I - II): Q1 (a)  
**Outline** the nature of resource ownership in (I) a planned economy and in (II) a market economy [02 marks]

 [10] 2009 A/Ls (ECON – I - II): Q2 (I)  
 What are the main characteristics of a market economy? [04 marks]


[11] 2017 A/Ls (ECON – II): Q1 (IV)  
 What functions do price serve in a market economy [03 marks]

2011 A/Ls (ECON – II): Q1 (III)  
 What are the **three** functions of price in a market economy? [03 marks]

[12] 2009 A/Ls (ECON – I - II): Q2 (II)  
 What is the **role** of **profit** in a **market economy** [04 marks]

[13] 2016 A/Ls (ECON – II): Q1 (V)  
 Why is **private property** and **protection of private property rights** so critical to the success of the **market economy**? [04 marks]

[14] 2016 A/Ls (ECON – II): Q1 (V)  
 Why do **entrepreneurs** play a key **role** in a **market economy** [02 marks]

 [15] 2010 A/Ls (ECON – I - II): Q2 (IV)  
**Examine** the main **shortcomings** of **price mechanism** as a means of allocating resources [05 marks]

2008 A/Ls (ECON – I - II): Q1 (IV)  
**Examine** whether the operations of a market economy always produces a desirable outcome [05 marks]

2009 A/Ls (ECON – I - II): Q2 (III)  
 Would the market economy always be able to allocate resources efficiently?  
**Explain** your answer [04 marks]