

# Introduction to Economics Test

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## ECONOMICS – HIGHER LEVEL

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September

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Name: \_\_\_\_\_

<b>Part A</b> Short Questions	Mark	<b>Part B</b> Long Questions	Mark
Question 1		Question 6	
Question 2			
Question 3			
Question 4			
Question 5			
<b>Comments on test:</b>          			

## PART A

Answer **all** questions in the spaces below

### Question 1

- a. Select, using a tick, whether each of the following statements are normative or positive statements.

Statement	Positive	Normative
If the Irish government increase jobseekers allowance by 5% in the 2022 budget, unemployment in Ireland will increase by at least 2% by 2023.		
We have to do more for the less well off in society		
The government should have increased unemployment benefit by more than 10 cents this years		
Sales of new cars in Ireland decreased during 2020.		

- b. Distinguish between normative and positive statements


### Question 2

- a. Define the term Economics


- b. Name two economists that you have studied


c. Describe the political policies of one of these economists


**Question 3**

a. List 3 pillars of sustainability


b. Explain two relevant examples that the Irish government can take to be more sustainable.

1.
2.

C. List two SDGs


**Question 4**

The Irish government is under pressure to restore public sector pay to pre-financial crisis levels. Outline two opportunity costs for the Irish economy.

1.
2.

B. Outline why opportunity cost is fundamental to the study of economics


C. Explain the concept of the Equi-marginal principle of Consumer Behaviour


**Question 5**

Explain the three types of economies that exist and give an example of each

1.
2.
3.

## PART B

### Question 6

- a. Draw the production possible curve for carrots and cotton for Nation X. Using the labels below, indicate on the graph the following scenarios

A	Under utilisation of nations resources
B	100% of nations resources used to produce chocolate
C	Irrigation of land
D	50% resource used to produce carrots and 50% resources used to produce cotton

**PPC Curve for Nation X**

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b. Explain what it is meant by the term trade off in relation to the above example


C. State and explain the characteristics of an “economic good”?

1.
2.
3.

D. Explain three assumptions of consumer behaviour.

1.
2.

3.

E. Define the law of diminishing marginal returns and illustrate with a suitable example.

F. State and explain three assumptions under the Law of Diminishing Marginal Utility

1.

2.

3.

G. Explain the causes of the Irish recession 2007 to 2013 (use statement and explain below)






**Test reflection**

**1. How many hours did you spend studying for this test?**

\_\_\_\_\_

\_\_\_\_\_

**2. How do you feel you studied for this test:**

- (a) To the best of my ability
- (b) I could have done more
- (c) I did not study for this test

**3. Anticipated Grade:** \_\_\_\_\_

**4. Outline two things that you did well and two things you could improve further.**

What I did well:

What I could improve on:

1. \_\_\_\_\_

\_\_\_\_\_

1. \_\_\_\_\_

2.

2.