



Sixth Form Entrance 2015

ECONOMICS

1 hour

Answer ALL of Section A and ONE question from Section B.

Each section is worth 30 marks.

Please use the writing paper provided.

Write your name and present school clearly on all sheets of paper used.

Section A

30 marks

You must answer all parts of this question. It should take no more than 30 minutes.

1. Using a supply and demand diagram, explain how market forces will move a free market to equilibrium if the price is initially too high.
(It may help to explain each of the following functions of prices: signaling, rationing and incentives in the course of your answer).
2. Using an example of your choice and a suitable diagram, explain how a factor which increases demand will affect the equilibrium price and output levels.
3. Evaluate the benefits and costs of the government increasing the quality of information regarding the consumption of demerit goods such as fatty food or alcohol.

What other measures could the government use to reduce the consumption of these products?

Section B

30 marks

Answer ONE question from this section.

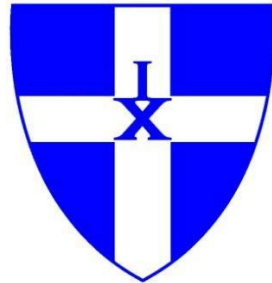
You should spend 30 minutes on this section.

Use diagrams and real world examples to support your answer.

1. What do you understand by the term recession? Explain some of the measures which a government could use to try and bring the economy out of this situation.
2. Discuss the major causes of the Global financial crisis in 2008/9.
3. Examine the impact on the Global economy of the recent rapid economic growth of either China, Russia, India or Brazil.
4. What are the main types and causes of inflation? How could the inflation rate be reduced?
5. Assess the impact of a decrease in the price of oil on the UK economy.

END OF EXAMINATION

THE KING'S SCHOOL, CANTERBURY



SIXTH FORM ENTRANCE EXAMINATION

2014-2015

ECONOMICS

1 Hour

Answer ALL of Section A and ONE question from Section B. There are 25 marks for each section (50 marks in total).

Please use the writing paper provided.

Write your name and present school clearly on all sheets of paper used.

Section A

You must answer all parts of this question. It should take no more than 30 minutes.

1.

- a) Using a Supply and Demand diagram, show and briefly explain how **higher costs of production** will change the equilibrium price and quantity traded.
- b) Using a Supply and Demand diagram, show and briefly explain how **an increase in the price of a substitute good** will change the equilibrium price and quantity traded.
- c) A fall in the price of nails from 10p to 8p results in an increase in demand from 200 units to 300 units. Calculate the **price elasticity of demand (PeD)** for nails and briefly explain what the numerical calculation tells us about the PeD of nails.
- d) **Price Elasticity of Supply (PeS)** measures the willingness and ability of firms to change the quantity supplied in response to changes in market price:
 - i) Under what conditions may a firm be able to increase output in response to a price rise?
 - ii) What factors may limit the ability of a firm to decrease output when there is a fall in the price of the good supplied?
- e) An increase in the price of daffodils from £2 to £2.50 per bunch results in an increase in supply from 2000 units to 3000 units per week. Calculate the **price elasticity of supply** for daffodils and briefly explain what the numerical calculation tells us about the PeS of daffodils.

Section B

Answer ONE question from this section.

You should spend 30 minutes on this section.

Use diagrams and real world examples to support your answer.

2. What are the main Macroeconomic Policy Objectives of Government? Outline any potential conflicts between these objectives.

3. Discuss the potential causes of unemployment and what Governments can do to try and reduce unemployment.

4. Discuss the impact of Globalisation on a country of your choice.

5. Examine the impact on the Global Economy of the recent rapid economic growth of either China, Russia, India or Brazil.

6. What are the main types and causes of inflation? How could the inflation rate be reduced?

[END OF EXAMINATION]