

Revision Sheet

A-Level Economics · Unit 7 The price system and the microeconomy (A Level)

32 vocabulary items · 23 marks of exam questions (4 questions)

Part 1 · Vocabulary review (32 items). The terms this unit is examined on most. Mark it yourself from the answer key.

Section A · Chinese to English

Write the English word.

1.		[1]
2.		[1]
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23.		[1]
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26.		[1]
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29.		[1]
30.		[1]
31.		[1]
32.		[1]

Part 2 · Exam questions (23 marks, 4 questions) begins on the next page. They are ordered easy to difficult and none of them has been set before.

- 33** A firm has the choice between five levels of output. The table shows the total cost and total revenue of producing at each output level. The firm could sell whatever output it produces.

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output units	total cost \$	total revenue \$
1000	8 000	10 000
2000	12 000	18 000
3000	19 000	24 000
4000	23 000	28 000
5000	25 000	25 000

The firm decides to produce 4000 units.

What is the firm's aim?

- A** to maximise profit
- B** to maximise sales
- C** to maximise revenue
- D** to minimise average costs

- 34** A market structure in which a small number of firms face competition from potential entrants.

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What does this describe?

- A** a contestable market
- B** a monopoly
- C** monopolistic competition
- D** perfect competition

- 35** What is an example of backward vertical integration?

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- A** a bakery buying a wheat farm
- B** a car manufacturer buying a car showroom
- C** a vineyard buying an apple orchard
- D** two rival supermarkets joining together

- 36** Evaluate, with the aid of a diagram(s), whether excess profit (supernormal profit) is always necessary for the continued existence of firms in perfect competition and monopoly. [20]

Section C

Answer **one** question.

EITHER