Revision Sheet

A-Level Economics · Unit 8 Government microeconomic intervention (A Level)

10 vocabulary items · 7 marks of exam questions (7 questions)

Part 1 · Vocabulary review (10 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]
3. _____ [1]
4. _____ [1]
5. _____ [1]
6. _____ [1]
7. _____ [1]
8. _____ [1]
9. _____ [1]
10. _____ [1]

Part 2 · Exam questions (7 marks, 7 questions) begins on the next page. They are ordered easy to difficult and none of them has been set before.

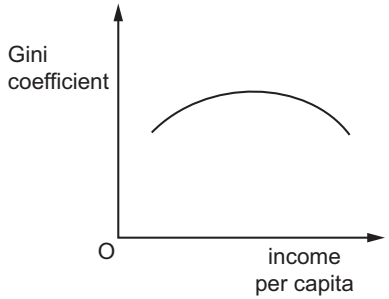
11 To reduce the damage done by cigarette smoking, the government of a country increases the indirect tax on cigarettes and makes it illegal to smoke in public.

Which combination of circumstances is most likely to result in government failure in its attempt to reduce the damage done by cigarette smoking?

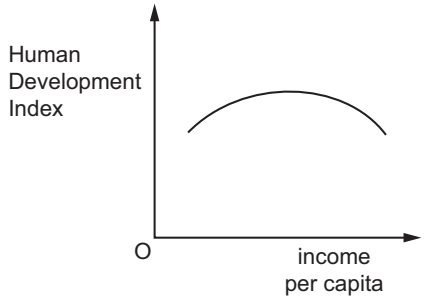
	price elasticity of demand for cigarettes	government spending on law enforcement
A	> 1	high
B	> 1	low
C	< 1	high
D	< 1	low

12 Which diagram is **not** an example of a Kuznets curve?

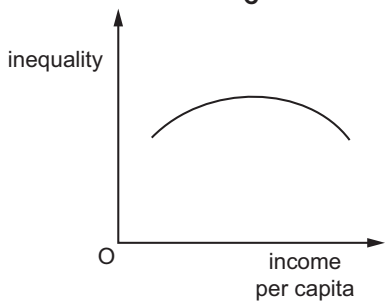
A



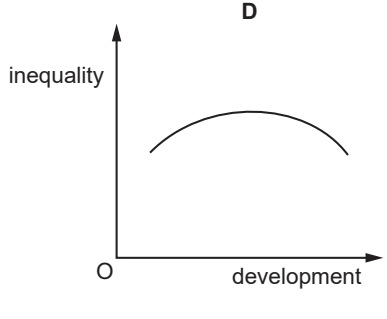
B



C



D



13 Which of these actions illustrates equality rather than equity?

A A firm that installs ramps to its workplace to improve the access for people with disabilities.

B A government subsidy on rice of $0.10 per kilo for all members of the public.

C A university admissions policy that offers places to students from disadvantaged socio-economic backgrounds.

D An income tax system where high-income earners pay a higher percentage of income as tax.

14 A government wants to introduce a policy that will reduce the pollution caused by the production of a good.

Which policy would **not** make use of market forces?

A a quota to limit the production of the good

B a regulation to ban the production of the good

C a tax on the production of the good

D a tradable pollution permit system for producers of the good

15 Most workers in a country are employed in the manufacturing sector where they are paid a fixed wage rate per hour.

What will lead to an increase in the net advantage of workers currently employed in the manufacturing sector?

A a reduction in working hours available

B a shift in the country's economy to the service sector

C a subsidised lunch is made available

D an increase in the number of jobs available

16 When will a profit-maximising firm employ the optimum number of workers?

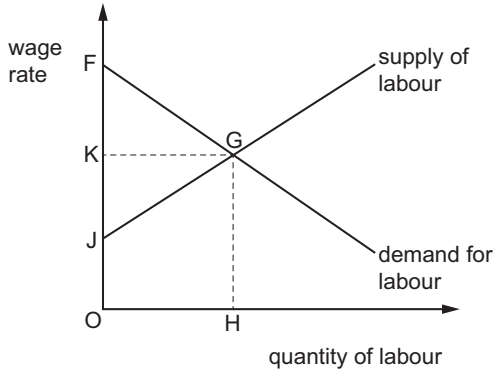
A when the average revenue product of labour equals the average cost of hiring workers

B when the marginal revenue product of labour equals the average cost of hiring workers

C when the marginal revenue product of labour equals the marginal cost of hiring workers

D when the marginal revenue product of labour equals the trade union supplied cost of workers

17 The diagram shows the labour market for farm workers in New Zealand.



Which areas represent the economic rent and transfer earnings of the farm workers?

	economic rent	transfer earnings
A	GFK	GHOJ
B	GHOJ	GJK
C	GJK	GJF
D	GJK	GHOJ