# 8. Government microeconomic intervention (A Level) Starter Quiz · 课前小测

A-Level Economics    Name: ____________    Score: ______

1. To correct a negative externality, a government would typically use a:
   - ☐ tax
   - ☐ subsidy
   - ☐ price floor
   - ☐ free provision
2. Equity in economics means:
   - ☐ fairness (which may not be equality)
   - ☐ everyone receiving exactly the same
   - ☐ maximising GDP
   - ☐ zero taxation
3. The demand for labour is described as ”derived demand” because it depends on:
   - ☐ the demand for the goods labour produces
   - ☐ the weather
   - ☐ the money supply
   - ☐ the exchange rate
4. A minimum wage set above the equilibrium wage can cause:
   - ☐ a surplus of labour (unemployment)
   - ☐ a shortage of labour
   - ☐ lower wages
   - ☐ no change at all
5. Tradable pollution permits work by:
   - ☐ capping total pollution and letting firms buy/sell allowances
   - ☐ banning all pollution
   - ☐ subsidising polluters
   - ☐ fixing the price of output
6. Subsidies are used to encourage goods with positive externalities, like vaccines.

   ☐ True    ☐ False

7. Heavy redistribution can reduce incentives to work — the equity-efficiency trade-off.

   ☐ True ☐ False

8. More productive workers tend to command higher wages.

   ☐ True ☐ False

9. Trade unions use collective bargaining to try to raise wages and improve conditions.

   ☐ True ☐ False

10. A policy can backfire through government _________ (unintended consequences that worsen welfare).

    ______________________________

A-Level Economics

1. **tax**

   A tax raises the price and cuts the over-produced quantity toward the optimum.

2. **fairness (which may not be equality)**

   Equity = fairness; equality = the same for everyone. They are not identical.

3. **the demand for the goods labour produces**

   Firms hire workers to make goods that are themselves demanded — hence derived.

4. **a surplus of labour (unemployment)**

   A binding price floor leaves quantity supplied above quantity demanded — excess labour.

5. **capping total pollution and letting firms buy/sell allowances**

   A cap-and-trade system limits total emissions and prices them via a permit market.

6. **True**

   Subsidies lower price and raise consumption of under-provided merit goods.

7. **True**

   High taxes/benefits can blunt incentives, trading some efficiency for greater equity.

8. **True**

   Higher productivity raises the value of a worker to the firm, increasing labour demand.

9. **True**

   Unions bargain on behalf of members for better pay and conditions.

10. **failure**

    Government failure: intervention that does more harm than good.