

*OLLSCOIL NA hÉIREANN, GAILLIMH*  
NATIOANL UNIVERSITY OF IRELAND, GALWAY

WINTER EXAMINATIONS 2000

**ECONOMICS 1 – EC 871**

**ECONOMICS – EC 507**

Diploma in Business Studies

Master's in Information Technology

Professor H.Dickson

Professor M.Keane

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**Time allowed: 2 hours**

**This paper has two parts, Part A and Part B. Part A contains 20 short questions, you must answer 15 (4 marks each). Part B contains two questions, you must answer one (20 marks).**

**Part A – answer 15 questions**

1. What is economic growth?
2. What does the term 'opportunity cost' mean?
3. What is a PPF and how is it expanded?
4. Outline a basic model of an open economy.
5. What characterises a perfectly competitive market?
6. Give an example of a factor which influences the quantity of a good that consumers demand and explain how this factor influences quantity demanded.
7. Give an example of a factor which influences the quantity of a good that sellers supply and explain how this factor influences quantity supplied.

8. What is the difference between a price ceiling and a price floor?
9. What determines how the incidence of a tax is distributed between buyers and sellers?
10. What is meant by 'a market economy's institutional conditions'.
11. What good has an income elasticity of between zero and one?
12. Define 'the long-run'.
13. How is a market supply curve derived?
14. Outline the cost structure for a firm (a) making a normal profit and (b) making a super-normal profit.
15. Why is monopoly behaviour considered 'undesireable'?
16. What reasons might cause an industry to be comprised of a small number of very large firms?
17. How does US and EU competition policy differ?
18. What is the Lorenz curve?
19. Define 'externalities' and give examples of the different categories that may occur.
20. Why should the state provide public goods?

**Part B – answer 1 question**

1. If you were hired as an economist by a firm who produce cheese and onion crisps, what tasks would your job entail?
2. "Government intervention is the primary source of inefficiency in market economies"  
– discuss this statement.