

**ADVANCED SUBSIDIARY GCE UNIT
ECONOMICS**

2882/AB

Market Failure and Government Intervention
THURSDAY 18 JANUARY 2007

Morning

Time: 1 hour

Additional materials: Separate question paper.
Candidates answer in this designated
Answer Booklet



Candidate
Name

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Centre
Number

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Candidate
Number

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INSTRUCTIONS TO CANDIDATES

- Write your name, Centre Number and candidate number in the boxes above.
- Answer **all** the questions.
- Write your answers in the spaces provided on this separate answer booklet.
- The spaces should be sufficient for your answers but if you require more space use the lined pages at the end of this booklet and number your answers carefully.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part question.
- The quality of your written communication will be taken into account in marking your answer to the question labelled with an asterisk (*).

For Examiner's Use

Total Mark

This document consists of **6** printed pages and **2** lined pages.

(a) Furniture is classified by economists as a private good.

(i) State **two** characteristics of a private good.

- 1.
.....
- 2.
.....[2]

(ii) Using the characteristics identified in part (i), explain **two** reasons why furniture is a private good.

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.....[4]

(d) In the article, Harrison Lewis claims that “increased competition is good for everyone in that it raises efficiency” (lines 12–13).

(i) Define each of the following terms:

- productive efficiency
- allocative efficiency
- Pareto efficiency.

Productive efficiency

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Allocative efficiency

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Pareto efficiency

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.....[6]

