



## Foundation Certificate in Marketing - Stage 1

### ECONOMICS

WEDNESDAY, 3<sup>RD</sup> MAY 2000. TIME: 2.00 pm - 5.00 pm

Please attempt **FIVE** questions.

(If more than the specified number of questions are attempted, delete those you do not wish to have marked. Otherwise the Examiner will mark the **FIRST** five questions in your Answer Book).

All questions carry equal marks.

Do **NOT** repeat question in answer, but show clearly the number of the question attempted on the appropriate page of the Answer Book.

1. Write brief notes on **each** of the following:

Scientific methods in economics  
Irish National Debt  
European Central Bank

2. Describe the **three** components of a market. (6 marks)

Which of these is **directly** influenced by a change in consumer income?  
(4 marks)

Show, with the aid of a diagram, the effects on a market of an increase in consumer income. (10 marks)

3. What is price elasticity of supply? (4 marks)  
How is it calculated? (4 marks)  
Explain the factors, which influence price elasticity of supply. (12 marks)

4. Explain, with examples, economies and diseconomies of scale. (8 marks)

Show, with the aid of diagrams, the effects of these on the firm's cost structure. (12 marks)

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5. Detail the assumptions underlying perfect competition. (8 marks)

Distinguish, with the aid of diagrams, the equilibrium of a firm operating under such conditions in the short and in the long run. (12 marks)

6. Explain the law of comparative advantage in relation to the theory of international trade. (12 marks)

Describe the trends in Ireland's international trade in the past decade. (8 marks)

7. Define the **three** methods of measuring economic activity in a country. (6 marks)

Describe fully **one** of these and indicate its limitations. (14 marks)

8. Explain in detail **one** economic theory of consumer behaviour. (20 marks)