



Foundation Certificate in Marketing - Stage 1

ECONOMICS

WEDNESDAY, AUGUST 22, 2001. 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 **two** of the following:
 - Long-run growth
 - The housing market in Ireland
 - The impact of congestion in Dublin
 - Comparative advantage
2. Define and explain the importance of **each** of the following:
 - Price elasticity
 - Cross price elasticity
 - Income elasticity
3. Explain why, in the short run, average cost curves are U shaped. (15 marks)
How might long-run cost curves differ? (5 marks)
4. Explain why governments seek to regulate monopolies.
5. Explain the importance of the cash ratio in the money supply process.
Why have governments generally controlled the cash ratio?
6. Explain why fiscal policy is difficult to implement successfully.
7. The European Central Bank has price stability as its target of policy. How has it interpreted this and how does it seek to realise the target?
8. What is the difference between GNP and GDP? (5 marks)
What is the significance of the difference? (15 marks)