



Foundation Certificate in Marketing - Stage 1

ECONOMICS

WEDNESDAY, AUGUST 20, 2003. 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:
The Theory of Comparative Advantage
The difference between GNP and GDP
The factors behind the long-run growth of an economy.
2. There is now a serious problem associated with alcohol abuse in Ireland. Suggest economic instruments which could be used to alleviate the problem.
3. Define and explain the importance of **each** of the following:
Price elasticity of demand
Cross price elasticity
Income elasticity.
4. What are the benefits that derive from competitive markets?
5. Show, using an appropriate diagram, the effect price control has on the output behaviour of a monopolist.
6. Explain what can happen to a financial system where the cash ratio is not regulated and there is no lender of last resort.
7. The budget surplus in Ireland in 2001 was less than expected at the time of the budget, while that of 2002 was more or less as expected at the time of the budget, though significantly better than expected three months before the year end. What factors cause such uncertainty with regard to outcomes?
8. Explain why inflation rates in some countries in the Eurozone can be well above the average for the group.