

# Smart Edu Hub / Smart Exam Resources

## A Level Economics Topic Questions / Paper 2

### Topic: 1.6 Classification of goods and services

#### Question-1

Explain, using examples, why the prices charged for merit goods and demerit goods in a free market do not reflect the value to consumers. [8]

#### Question-2

Explain the difference between public goods and private goods. Consider why profit can be made through the supply of one type of good, but not the other. [8]

#### Question-3

Explain with the help of a production possibility curve diagram(s) how a decision to re-allocate resources in an economy to produce more capital goods and fewer consumer goods would affect consumers in both the short run and the long run. [8]

#### Question-4

With the help of a diagram, explain why some goods are produced in quantities greater than is socially desirable. [8]

#### Question-5

Using economic analysis, explain the possible causes of the increase in the sales of electronic goods, such as mp3 players, in recent years. [8]