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A Level Economics Topic Questions / Paper 2

Topic: 1.6 Classification of goods and services

Question-1

Explain why the free market is ineffective in arriving at the correct price for merit goods and demerit goods. [8]

Question-2

Explain, using economic analysis, how economists decide whether goods are substitutes or complementary goods. [8]

Question-3

Explain the difference between private goods and public goods, and why it is possible for a business to make a profit in the supply of private goods but not in the supply of a public good. [8]

Question-4

Explain how economists measure the way in which demand for a good changes when income changes and, with the help of a diagram, show why some goods are classified as 'inferior goods'. [8]

Question-5

Using examples, explain the difference between merit goods and public goods and show why it is possible for profit to be made in the supply of one of these types of good but not the other. [8]