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A Level Economics Topic Questions / Paper 2

Topic: 1.6 Classification of goods and services

Question-1

Explain whether private goods, free goods and public goods will all be sold in a free market economy. [8]

Question-2

A government has decided to spend money building a new barrier to prevent flooding across a city. Explain why this flood defence barrier is likely to meet the characteristics of a public good. [8]

Question-3

Explain why government intervention may be required to provide merit goods and consider why such intervention may not always be successful. [8]

Question-4

With reference to the relevant type of elasticity of demand, explain the terms (i) inferior good, and (ii) complementary good. [8]

Question-5

Explain, using a diagram, how the social cost of consuming some goods can exceed the private cost of consuming them. [8]