PEARSON EDEXCEL IAL ECONOMICS · YEC11

ECONOMICS



EXAM QUESTION PACK

UNIT 3: GOVERNMENT INTERVENTION

SCORE	PERCENTAGE
/364	%

STEMUP

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Q1.

Study Figure 1 and Extracts A and B in the Source Booklet before answering this question.

With reference to extract B, analyse **two** likely effects on the labour market for garment workers of the possible increase in the minimum wage to 22 000 taka.

(Total for question = 6 marks)

Q2.

By 2017 Ethiopia was one of very few African countries that had not privatised its telecommunications market and introduced competition. The state-owned company, Ethio Telecom, was the only firm in the market.

Evaluate the likely benefits of a monopoly to its consumers.

Illustrate your answer with an appropriate diagram(s).

(Total for question = 20 marks)

Q3.

In 2018 the Malaysian Government increased the monthly minimum wage for garment and textile workers from MYR 1 000 to MYR 1 500.

Evaluate the benefits of an increase in the minimum wage on businesses **and** workers.

Illustrate your answer with an appropriate diagram(s).

(Total for question = 20 marks)

Q4.

With reference to Extract A and Extract B, discuss the likely effects of the increase in the energy price cap on both energy suppliers and consumers.

Illustrate your answer with an appropriate cost and revenue diagram.

(Total for question = 14 marks)

Q5.

Study Figure 1 and Extracts A and B in the Source Booklet before answering this question.

With reference to Extract A and your own knowledge, discuss the likely effects of Government policies on the productive efficiency of SMEs.

(Total for question = 14 marks)

Q6.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

In March 2020 the Angolan Government announced that it was privatising three state-owned textile factories.

Which **one** of the following is the most likely effect of this privatisation?

☒ **A** A decrease in X-inefficiency

☒ **B** A decrease in productive efficiency

☒ **C** A decrease in consumer choice

☒ **D** A decrease in share ownership

(Total for question = 1 mark)

Q7.

Study Figures 1 and 2 and Extracts A, B and C in the Source Booklet.

With reference to Extract B, examine **two** likely effects of deregulation and privatisation.

(Total for question = 8 marks)

Q8.

In February 2020 the Indian Government announced plans for university degrees to be fully accessed online. This was to make higher education more accessible and to increase the skills of India's young people. Previously only 20% of a degree could be studied online.

Evaluate measures to reduce the occupational and geographical immobility of labour.

(Total for question = 20 marks)

Q9.

In 2019 the New Zealand Government created a new organisation to regulate the local monopolies that supply water. This organisation imposed a price cap that resulted in these water companies making insufficient profit for investment in improving water quality.

Evaluate methods that a government could use to control monopoly behaviour.

Illustrate your answer with an appropriate diagram(s).

(Total for question = 20 marks)

Q10.

In 2023 the US Department of Justice began an investigation into claims that Google had used its market power to limit competition and to increase the amount charged to advertisers.

Evaluate policies that a government could adopt to control monopolies.

Illustrate your answer with an appropriate diagram(s).

(Total for question = 20 marks)

Q11.

In 2022 the French Government planned to pay nearly €10bn to nationalise EDF Energy. This business had a 90% market share. The Government aims to ensure stability of energy supplies and to prevent significant price fluctuations.

Evaluate the impact of a profit maximising monopolist being nationalised.

Illustrate your answer with an appropriate diagram(s).

(Total for question = 20 marks)

Q12.

In 2015 Egypt's Government introduced a maximum wage of $5 800 per month. This was 35 times greater than the minimum wage of public sector workers. Many Chief Executives were earning far more than this maximum wage at the end of 2014. As a consequence, 200 executives in the banking sector resigned.

Evaluate the impact of imposing a maximum wage.

Illustrate your answer with an appropriate diagram(s).

(Total for question = 20 marks)

Q13.

In New Zealand, in 2018, it was estimated that the average worker employed in the private sector earned 30% less than the average worker in the public sector.

Evaluate the reasons why wage differences exist.

Illustrate your answer with an appropriate diagram(s).

(Total for question = 20 marks)

Q14.

Study Figures 1 and 2 and Extracts A, B and C in the Source Booklet.

With reference to Extract B, explain what is meant by 'privatisation'.

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(Total for question = 4 marks)

Q15.

In 2022 Belgium had an unemployment rate of 5.5% and a vacancy rate of 4.8%.

Evaluate policies that a government could use to reduce the geographical immobility of labour **and** the occupational immobility of labour.

Refer to industries of your choice in your answer.

(Total for question = 20 marks)

Q16.

In 2014 the Irish Government allowed private sector bus operators to bid for public transport contracts for the first time.

This is an example of

☒ **A** government failure

☒ **B** trade liberalisation

☒ **C** competitive tendering

☒ **D** regulation

(Total for question = 1 mark)

Q17.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

In January 2021 the UK Government set up a new national construction products regulator to ensure that homes are built from safe materials.

Which **one** of the following would limit the impact of government intervention in the housing market?

☐ **A** Perfect mobility of resources

☐ **B** A flexible labour market

☐ **C** Perfect knowledge of the housing market

☐ **D** Regulatory capture

(Total for question = 1 mark)

Q18.

In 2023 the Government of Mexico intervened in the country's labour market by:

- increasing the daily minimum wage by 20% to 207.44 pesos
- setting a maximum of 48 hours per week for a full-time employee.

Evaluate the economic benefits of government intervention in labour markets.

Illustrate your answer with an appropriate diagram(s).

(Total for question = 20 marks)

Q19.

In 2007 the Government of Indonesia set up the Kredit Usaha programme. The aim of this programme was to support small businesses by offering subsidies and low-cost loans. In 2022 the amount that a business could borrow was increased significantly.

Evaluate measures that a government could introduce to promote competition and contestability.

(Total for question = 20 marks)

Q20.

In Pakistan, internet services are provided by a monopolist, Pakistan Telecommunication Company Ltd (PTCL). The quality of the service offered is poor and the internet speed is slow resulting in a high level of complaints from consumers.

Evaluate policies that a government could use to control and regulate monopolies, such as PTCL.

Illustrate your answer with an appropriate diagram(s).

(Total for question = 20 marks)

Q21.

The tax authority in Singapore offers a tax incentive of up to S$100 000 to new businesses in their first three years of trading. The objective of this scheme is to promote competition.

Evaluate methods that a government could use to promote competition in a market.

Illustrate your answer with an appropriate diagram(s).

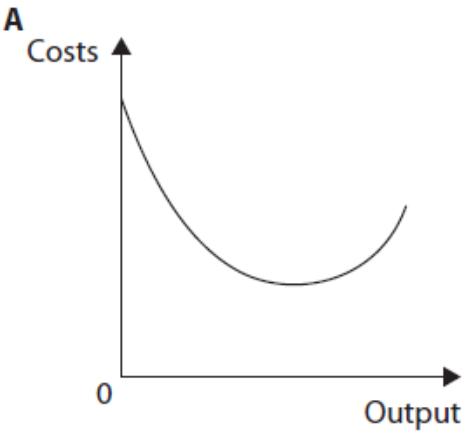
(Total for question = 20 marks)

Q22.

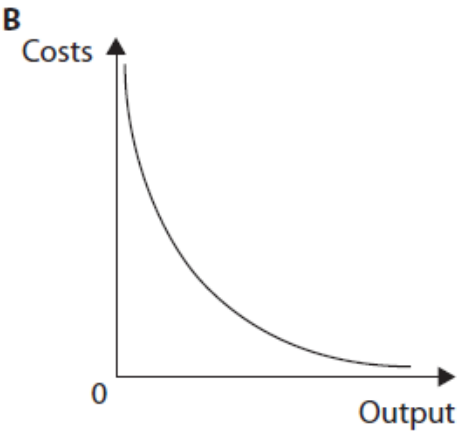
Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

Which **one** of the following diagrams illustrates a firm's average fixed cost curve?

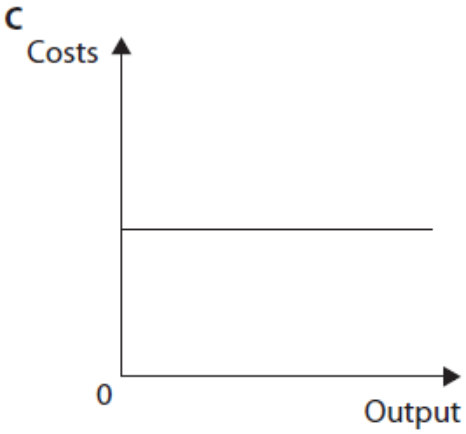
A



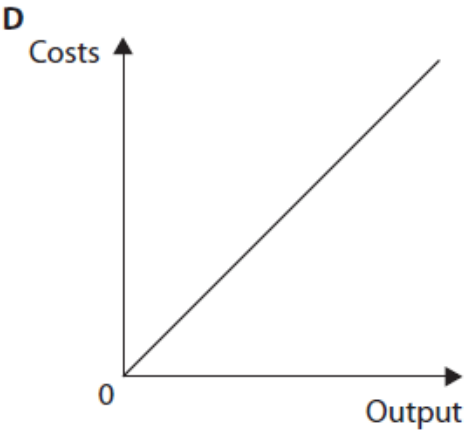
B



C



D



☒ **A**

☒ **B**

☒ **C**

☒ **D**

(Total for question = 1 mark)

Q23.

In January 2022 the Government of Greece announced plans to raise the national minimum wage by 2% to € 773 per month. However, many restaurant owners are worried about the impact of this increase in the minimum wage on their businesses.

Evaluate the likely microeconomic effects of an increase in the national minimum wage on an industry of your choice.

Illustrate your answer with an appropriate diagram(s).

(Total for question = 20 marks)

Q24.

Study Figures 1 and 2 and Extracts A and B in the Source Booklet before answering this question.

With reference to Extract A, analyse **two** reasons why sales of electric vehicles in China increased.

Illustrate your answer with a supply and demand diagram.

(Total for question = 6 marks)

Q25.

In 2018 the South African Government passed the National Minimum Wage Act.

Evaluate the likely microeconomic effects of the introduction of a national minimum wage on businesses and workers in the tourism industry.

Illustrate your answer with an appropriate diagram(s).

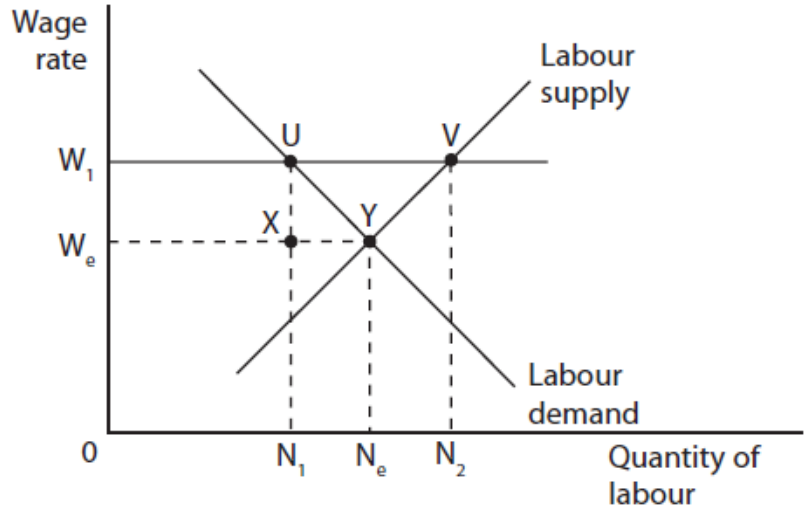
(Total for question = 20 marks)

Q26.

Answer the question with a cross in the box you think is correct ☒. If you change your

mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

The diagram shows the effect of the introduction of a national minimum wage on the labour market for agricultural workers in South Africa.



Which **one** of the following is the most likely impact of the introduction of the national minimum wage?

☒ **A** There will be N_1 to N_2 more agricultural workers employed

☒ **B** There will be an extension of demand for agricultural workers from Y to U

☒ **C** There will be a contraction of supply of agricultural workers from Y to V

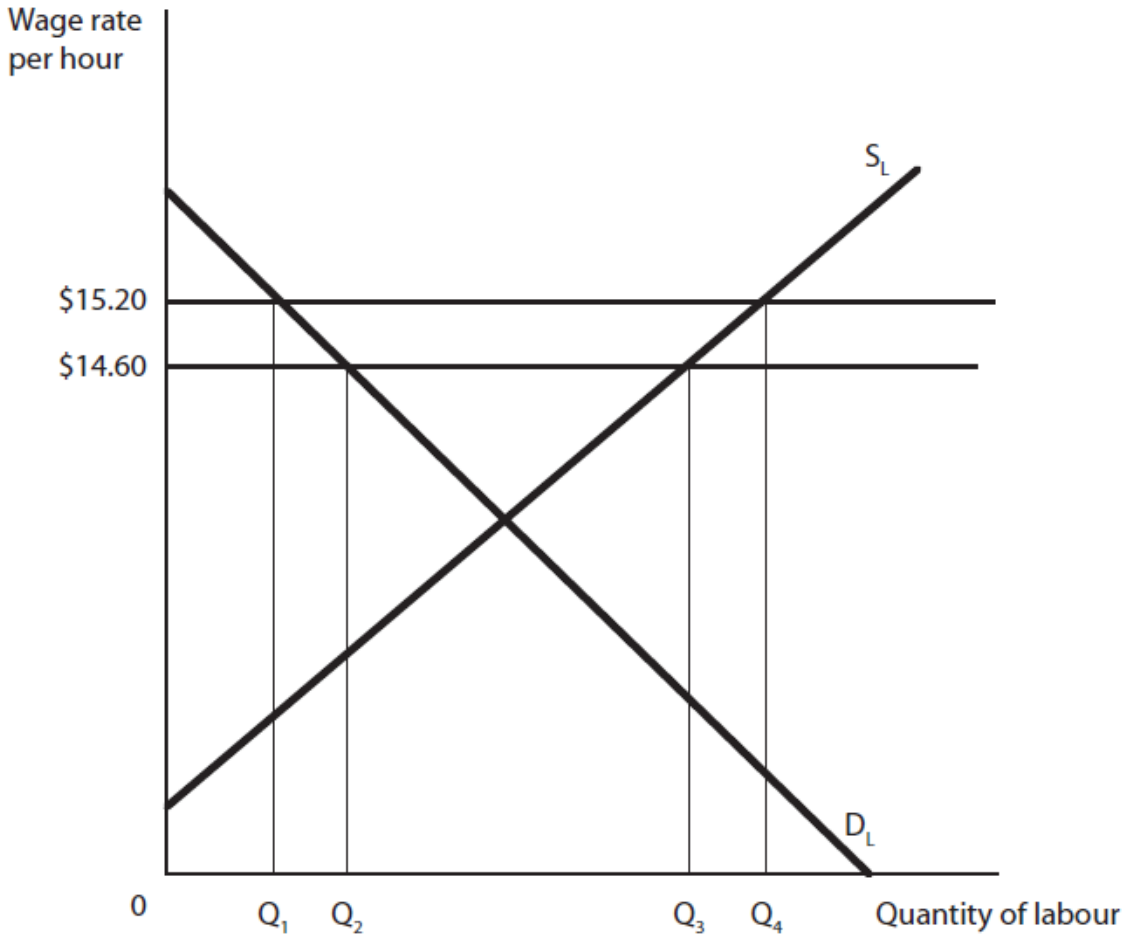
☒ **D** There will be N_1N_2 unemployed agricultural workers

(Total for question = 1 mark)

Q27.

Questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

The diagram shows an increase in the minimum wage in British Columbia, Canada. In 2021 it rose from $14.60 to $15.20 per hour.



Which **one** of the following is the most likely impact of this increase in the minimum wage on shop assistants in the retail industry in British Columbia?

☒ **A** Unemployment would rise to Q_1–Q_4

☒ **B** Unemployment would rise to Q_2–Q_3

☒ **C** The demand for labour would extend from Q_1 to Q_2

☒ **D** The supply of labour would contract from Q_4 to Q_3

(Total for question = 1 mark)

Q28.

Study Figures 1 and 2 and Extracts A, B and C in the Source Booklet before answering this question.

With reference to Extract C, analyse **two** reasons why the proposed merger between Tata Steel and Thyssenkrupp was blocked by the European Competition Commission.