

## **Economics**

Time allowed: 1.5 hours (90 minutes)

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### **Instructions for candidates:**

**a) Attempt any two questions**

**b) Standard non-programmable calculators are allowed.**

1. Covid-19 has accelerated the adoption of digital technologies in the economy and society. Discuss the wider economic implications of digital transformation in businesses and organizations.

**(50 marks)**

2. Discuss the influential economic ideas of Adam Smith

**(50 marks)**

3. Answer all questions below:

Suppose you are an economist advising the transportation minister. The objectives are to reduce greenhouse gas emissions and raise revenue. What are the policy alternatives available? What policy would you suggest? Use diagrams to explain your answer.

**(50 marks)**

4. Answer all questions below:

- a. Describe the economic functions of money.

**(25 marks)**

- b. Explain the factors that affect the demand for money.

**(25 marks)**

5. Answer all questions below:

- a. Describe the objectives of fiscal policy

**(25 marks)**

- b. Explain why a large fiscal deficit often results in exchange rate depreciation.

**(25 marks)**

6. Answer all questions below:

- a. Compare and contrast positive economics and normative economics.

**(25 marks)**

- b. The study of economics involves using economic methodology. Describe some of the theories, models and assumptions forming part of economic methodology. **(25 marks)**
7. Discuss the factors that have contributed to the rising cost of living in the UK in the last two years. **(50 marks)**
8. Compare and contrast the profit maximising points of a firm in a monopoly market with that of a firm in a perfectly competitive market. **(50 marks)**