



Worksheet 1: Analysis and evaluation

Read the practice questions below. Demonstrate the use of both analysis and evaluation when answering each question.

- 1 'Market failure can always be overcome to increase economic efficiency.' How far do you agree with this statement?

- 2 Evaluate whether the theory of wage determination can account for wage differentials (i) between a director and a general worker in the same company and (ii) between two workers doing the same job in different companies.

- 3 Discuss the extent to which the Human Development Index (HDI) and the Measure of Economic Welfare (MEW) provide better measures of living standards than Gross National Income (GNI).



- 4 Discuss whether solving the problem of unemployment should be the main policy objective for the government of a developing country.

- 5 Compare the likely effectiveness of a policy of imposing minimum prices on demerit goods with one other policy to improve public health and consider which policy is more likely to be successful.

- 6 An economy is experiencing a fall in average incomes during a severe recession.
Discuss the extent to which the concepts of income elasticity of demand and price elasticity of demand might be useful to an entrepreneur in this economy and consider which would be more useful.

- 7 Discuss whether you would advise a government to use monetary policy or fiscal policy to solve the problem of deflation in an economy.



- 8 If the cost of the subsidy is to be paid from tax revenues, discuss whether the revenue should be raised through direct taxes or indirect taxes.