6 The table shows the estimated price elasticity of demand for a bar of chocolate produced by selected chocolate bar manufacturers.

Manufacturer	Price elasticity of demand
Lindt	–1.1
Mars	–1.3
Mondelez	–1.6
Hershey	–2.1

(Source adapted from: https://kylascanlon.com/2020/01/19/chocolate-at-any-cost-the-price-elasticity-of-the-candy-industry/)

Ceteris paribus, which **one** of the following can be deduced from this information?

☒ **A** The demand for all four chocolate bars is price inelastic

☒ **B** All four chocolate bars are inferior goods

☒ **C** A 5% increase in the price of a Mars chocolate bar will result in a 6.5% decrease in the quantity demanded

☒ **D** A 5% increase in the price of a Mondelez chocolate bar will result in an 8% increase in the quantity demanded

(Total for Question 6 = 1 mark)

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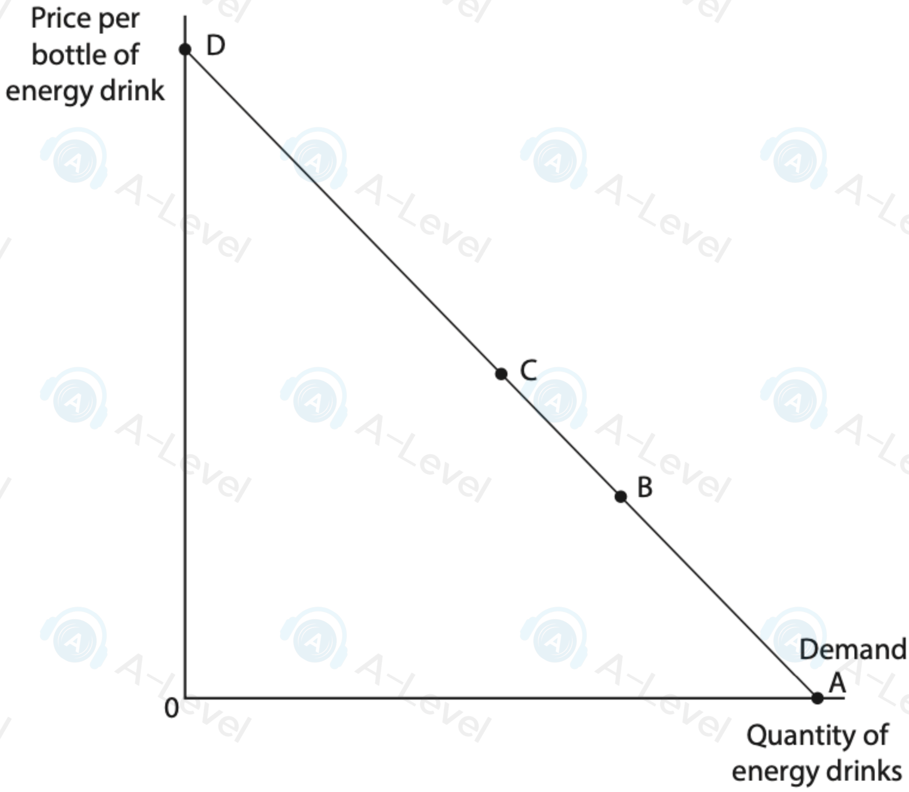
4 The diagram shows the demand curve for bottled energy drinks.



Which **one** of the following points has the value of –1 for price elasticity of demand?

- ☒ **A**
- ☒ **B**
- ☒ **C**
- ☒ **D**

(Total for Question 4 = 1 mark)

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3 The table shows the estimated income elasticity of demand for four items.

Item	**Income elasticity of demand**
Caribbean holidays	+2.02
Healthcare	+0.70
Electricity	+0.40
Bus travel	−0.70

Which **one** of the following can be deduced from the table?

☒ **A** Caribbean holidays are an inferior good

☒ **B** Demand for healthcare is income elastic

☒ **C** Electricity is a normal good

☒ **D** Demand for bus travel is price inelastic

(Total for Question 3 = 1 mark)

3 The table shows the price elasticity of demand for four household appliances.

Household appliances	**Price elasticity of demand**
Clothes dryers	−0.14
Dishwashers	−0.37
Refrigerators	−0.48
Washing machines	−0.32

(Source adapted from: https://www.osti.gov/servlets/purl/929429)

Which **one** of the following can be deduced from the table?

☒ **A** The demand for clothes dryers is price elastic

☒ **B** The demand for dishwashers is perfectly price inelastic

☒ **C** The demand for refrigerators is price inelastic

☒ **D** The demand for washing machines is perfectly price elastic

(Total for Question 3 = 1 mark)

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1 Which **one** of the following is an example of a market failure?

- **A** Unintended consequences
- **B** A market bubble in the housing market
- **C** Excessive administration costs resulting from regulation
- **D** A firm exiting the market because it was making a loss

(Total for Question 1 = 1 mark)

2 Between November 2022 and November 2023, the average price of milk decreased by 36.8% in Ireland.

Which **one** of the following is most likely to result from the introduction of a minimum guaranteed price for milk above the equilibrium price?

- **A** An excess supply of milk
- **B** An excess demand for milk
- **C** An increase in consumer surplus
- **D** A decrease in producer surplus

(Total for Question 2 = 1 mark)

11 In 2023 there were 999 700 more immigrants who entered the USA than emigrants who left the country.

Explain the likely impact on the USA's production possibility frontier (PPF) of this change in migration.

Illustrate your answer with a fully labelled PPF diagram.

8 Between 1970 and 2020 the Maldives experienced 30 major flood events. One contributing factor was under-investment in flood defences.

Builders of new hotels are required to complete extensive paperwork to show how they plan to minimise flood risk. This results in excessive administrative costs.

With reference to the Maldives, explain the difference between 'market failure' and 'government failure'.

11 Between January 2020 and May 2020 the price of bananas charged by retailers in the USA increased from $1.17 to $1.30 per kg. This was mainly caused by increased costs of transportation from banana growers to markets in North America.

Explain the likely impact of this change in price on consumer surplus.

Illustrate your answer with a diagram.

8 Unilever, a manufacturer of food, personal care and home care products, experienced an increase in total costs of €4.4 billion in 2022. As a result, the company raised its prices, on average, by 13.2% in Europe. Consequently, there was a 6.8% decrease in the number of items sold by Unilever because consumers switched to cheaper alternatives.

With reference to this information, explain what is meant by the term 'rational decision making'.

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8 Rimac manufacture electric cars. With the first model, the Concept_One, an individual worker was responsible for building each car from start to finish. Only seven were manufactured. In 2017 €30 million was spent on developing a factory which would use the division of labour to manufacture 200 Concept_Two cars.

With reference to the market for car manufacturing, explain **one** benefit of the 'division of labour'.

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