

## 4.4 Price Levels - Short Questions

1998

Define demand pull inflation.

.....  
.....  
.....

(16 marks)

2002

Outline **FOUR** steps involved in calculating a Composite Price Index.

Step 1: \_\_\_\_\_

Step 2: \_\_\_\_\_

Step 3: \_\_\_\_\_

Step 4: \_\_\_\_\_

(16 marks)

2003

Define Monetary Policy. State **TWO** measures by which the European Central Bank implements monetary policy within the euro-zone countries.

**Definition:** \_\_\_\_\_

\_\_\_\_\_

**Measure 1:** \_\_\_\_\_

**Measure 2:** \_\_\_\_\_

(16 marks)

2005

For a composite (weighted) price index covering the three types of expenditure given in the following table, calculate the price index for the current year. The base value is 100. **Show your workings.**

Category	% income spent on item(s)	Prices of item(s) base year	Prices of item(s) current year	Calculation of Simple Price Index	Weight	Result
		€	€			
Food	30%	10.00	11.50			
Clothing & Footwear	20%	40.00	36.00			
Other Items	50%	20.00	22.00			
	100%			<b>Price Index for the Current Year</b>	→	

(17 marks)

2007

1. State **FOUR** possible economic effects of rising **price inflation** on the Irish economy.

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_

(16 marks)

Outline **THREE** functions/responsibilities of the **European Central Bank (ECB)**.

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_

(16 marks)

2009

Define 'cost-push' inflation. Identify **two** sources of this form of inflation in the Irish economy.

**Definition:** \_\_\_\_\_

\_\_\_\_\_

**Source 1:** \_\_\_\_\_

**Source 2:** \_\_\_\_\_

(16 marks)

2011 EC

6. For a composite (weighted) price index covering the **three** types of expenditure given in the following table, calculate the price index for the current year.

Category	% income spent on item(s)	Prices of item(s) base year €	Prices of item(s) current year €	Calculation of Simple Price Index	Weight	Result
Food	30%	10.00	11.50			
Clothing & Footwear	20%	40.00	36.00			
Other Items	50%	20.00	22.00			
	100%			Price Index for the Current Year		

(17 marks)

2011 DEB

For a composite (weighed) price index covering the three types of expenditure given in the following table, calculate the price index for the current year. The base value is 100.

**Show your workings.**

Category	% income spent on item(s)	Prices of item(s) base year	Prices of item(s) current year	Calculation of Simple Price Index	Weight	Result
		€	€			
Food & Drink	25%	20.00	28.00			
Communications	15%	10.00	20.00			
Other Items	60%	70.00	105.00			
	100%			Price Index for the Current Year	→	

(16 marks)

**2011**

State **four** steps involved in constructing a Consumer Price Index (CPI).

Step 1 \_\_\_\_\_

Step 2 \_\_\_\_\_

Step 3 \_\_\_\_\_

Step 4 \_\_\_\_\_

(16 marks)

**2016**

(a) Define the term **monetary policy**.

\_\_\_\_\_  
\_\_\_\_\_

(b) Outline **two** benefits of price stability for the Irish economy.

(i) \_\_\_\_\_

\_\_\_\_\_

(ii) \_\_\_\_\_

\_\_\_\_\_

(17 marks)

The primary aim of the ECBs monetary policy is to maintain price stability.

(a) Define the term **monetary policy**.

\_\_\_\_\_  
\_\_\_\_\_

(b) Outline **two** benefits of price stability for the Irish economy.

(i) \_\_\_\_\_

\_\_\_\_\_

(ii) \_\_\_\_\_

\_\_\_\_\_