

Consumer Long Questions

1999 Q1

- (a) For a commodity to be considered an economic good it must possess certain characteristics.
- State and explain **THREE** of these characteristics.
 - Give **TWO** examples of commodities which would **NOT** be considered as economic goods. Justify each choice with a brief explanation. (25 marks)

2000 Q1

- (a) Explain, with the aid of an example, the **Principle or Law of Equi-Marginal Returns of Consumer Behaviour**. (20 marks)

2001 Q3

- (b) State and explain the principal economic assumptions made about consumer behaviour. (25 marks)
- (c) The law of diminishing marginal utility states that as additional units of a good are consumed the marginal utility of this good will eventually decline.
- State and explain the assumptions underlying the law of diminishing marginal utility.
 - Give **TWO** examples of commodities which do not comply with this law. Justify each choice with a brief explanation.

(25 marks)
[75 marks]

2005 Q1

- (c) Assume that the average spending on energy by a low-income family is €40 weekly. The price of energy rises by 20% so that the same consumption by a low-income family would now cost €48 weekly. The government is considering introducing one of the following policy measures to assist low-income families:
- giving low-income families an increased allowance of €8 weekly (income supplement);
 - subsidising the producers of energy so that energy can continue to be sold at the initial price (price subsidy).

Which policy measure would you advise the government to take? Explain the economic reasons for your answer.

(20 marks)
[75marks]

2006 Q1

- (a) For analytical purposes economists make certain assumptions about consumer behaviour. State and explain **FOUR** principal assumptions. (15 marks)

2009 DEB

- (b) The **Law of Diminishing Marginal Utility** states that as additional units of a good are consumed, the marginal utility of this good will eventually decline.
- (i) Outline the assumptions underlying the **Law of Diminishing Marginal Utility**.
- (ii) Give **two** examples of commodities which do not comply with this law. Explain your answer in **each** case. (25 marks)

2010 EC

- (b) In economics we make assumptions about the way consumers behave. Outline **four** assumptions of **consumer behaviour**. (20 marks)

2011 Q1

- (c) The Law of Diminishing Marginal Utility states that as more of a product is consumed, eventually each additional unit of the good provides less additional utility (marginal utility).
- (i) Explain **two** assumptions underlying the Law of Diminishing Marginal Utility.
- A consumer in equilibrium buys 6 health bars at €0.80 each and 9 cartons of juice at €1.50 each. The marginal utility of the 6th health bar is 40 utils.
- (ii) Using the **Equi-Marginal Principle of Consumer Behaviour** calculate the marginal utility of the ninth carton of juice. (Show all your workings.) (25)
- [75 marks]**

2012 Q1

- (a) (i) Explain the Equi-Marginal Principle of consumer behaviour.
- (ii) State and explain **three** other economic assumptions used to analyse consumer behaviour. (25)

2012 EC

- (b) The Law of Diminishing Marginal Utility states that as additional units of a good are consumed, the marginal utility of this good will eventually decline.
- (i) Outline the assumptions underlying the Law of Diminishing Marginal Utility.
 - (ii) Give **two** examples of commodities which do not comply with this law. Explain your answer in **each** case. (25)

2014 Q1

(a)

No of Units Consumed	1	2	3	4	5
Total Utility in <i>Units/Utils</i>	20	45	60	70	75
Marginal Utility in <i>Units/Utils</i>	20	25	15	10	5

- (i) State and explain the law illustrated in the above table.
 - (ii) Outline **two** assumptions underlying this law. (25)
- (c) Macklemore announces a concert in Ireland at a venue with a maximum capacity of 80,000 people. The tickets are priced at €65 and the concert sells out in hours.
- (ii) Explain, using the concept of **Consumer Surplus**, why it might make sense for the concert promoters to have different ticket prices (e.g. VIP section, seating section and standing section) for this concert. (20)