

**Market Economy Short Questions**

**1999**

State the **Law of Diminishing Marginal Utility**.

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.....  
.....

(16 marks)

The Supply Curve for a commodity shifts to the right.  
Suggest **TWO** reasons for this development.

(10 marks)

(a) .....

(b) .....

(16 marks)

**2001**

What is meant by the concept '*consumer surplus*'?

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

(16 marks)

**2003**

State **FOUR** economic assumptions used for analysing consumer behaviour.

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

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

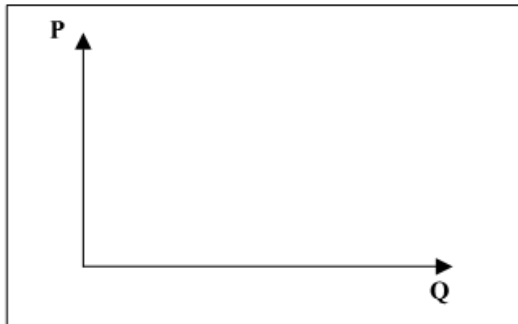
(iii) \_\_\_\_\_

(iv) \_\_\_\_\_

(17 marks)

Using the diagram, explain how higher consumers' incomes (other factors unchanged) may affect the demand curve for mobile phones in Ireland.

Diagram



Explanation

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(17 marks)

2004

Define the **Law of Diminishing Marginal Utility** and state **TWO** assumptions underlying the law.

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

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\_\_\_\_\_

**Assumption (i):** \_\_\_\_\_

**Assumption (ii):** \_\_\_\_\_

(17 marks)

Outline **FOUR** factors that affect **the supply of a good**, other than the price of the good itself.

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

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

(iii) \_\_\_\_\_

(iv) \_\_\_\_\_

(16 marks)

**2005**

Explain what is meant by **Consumer Surplus**.

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(16 marks)

A consumer in equilibrium buys 10 cups of coffee at €2 each and 10 phone cards at €6 each. The marginal utility of the cups of coffee is 5 utils. What is the marginal utility of phone cards? **Show your workings.**

**Workings**

Answer: \_\_\_\_\_

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(16 marks)

**2006**

In equilibrium a consumer buys 8 bars of chocolate at €1.00 each and 12 sandwiches at €4.00 each. The marginal utility of the eighth bar of chocolate is 10 utils. Using the Equi-Marginal Principle of Consumer Behaviour **calculate the marginal utility of the twelfth sandwich**.

Show all your workings.

**Workings**

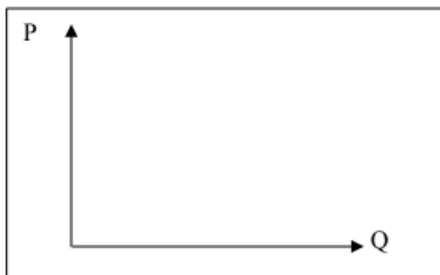
**Answer:**

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(17 marks)

**2008**

China will host the Beijing Olympic Games in August 2008 and 7 million tickets are available for the event. On the diagram below draw the supply curve for tickets and explain the reason for its shape.



**Explanation:**

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(17 marks)

2009

(a) State the **Law of Diminishing Marginal Utility**: \_\_\_\_\_

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(b) The table below illustrates the Law of Diminishing Marginal Utility.

<b>Number of units consumed</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Total Utility in units</b>	<b>30</b>	<b>65</b>	<b>85</b>	<b>100</b>	<b>110</b>	<b>115</b>
<b>Marginal Utility in units</b>	<b>30</b>					

Complete the table and state the point after which diminishing utility sets in.

\_\_\_\_\_ (17 marks)

2012

1. State **three** reasons why the demand curve for bottled water may shift to the right.

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

(16 marks)

2014

Explain the meaning of the term '**complementary goods**' (i.e. joint demand).  
State **one** example.

**Explanation:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Example:** \_\_\_\_\_

(16 marks)

2015

- (a) Explain the concept of the Equi-Marginal Principle of Consumer Behaviour.

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- (b) In equilibrium, a consumer buys 5 bottles of water at €2.50 each and 8 bagels at €3 each.
- The marginal utility of the 5<sup>th</sup> bottle of water is 5 utils.
- Calculate the marginal utility of the 8<sup>th</sup> bagel.  
(Show your workings.)

<p><b>Workings:</b></p>          <p><b>Answer:</b></p>
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(16 marks)

2019

1. (a) Explain the economic concept of the Equi-Marginal Principle of consumer behaviour.

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- (b) In equilibrium, a consumer buys 6 apples at €0.90 each and 7 oranges at €0.50 each.
- The marginal utility of the 6<sup>th</sup> apple is 9 utils.
- Calculate the marginal utility of the 7<sup>th</sup> orange.  
(Show your workings.)

<p><b>Workings:</b></p>          <p><b>Answer:</b></p>
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