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## AS & A LEVEL ECONOMICS Key Topic Worksheets *For AQA & Edexcel (A) & OCR Specifications*

### Topic: Aggregate Supply

Q1

Define Aggregate Supply:

Cross out the wrong option:

- The aggregate supply curve is **upward/downward** sloping
- ...and as the price level rises, **domestic national output should rise/fall**
- This shows that there is a **positive/negative** relationship between the price level and national income
- Anything which reduces the cost of production will increase profit incentives and hence **increase/decrease** aggregate supply

Q2

Will the factors below increase or decrease aggregate supply?


Factor	Increase or decrease aggregate supply
A fall in the cost of raw materials	
A rise in wages	
An improvement in technology	
A rise in energy prices	

The Government agrees an flat rate wage rise for public sector workers of earning £21,000 p.a. or less of £250. Calculate the percentage increase in wages for a public sector worker earning £21,000 and another earning £18,000.

Q3

Label the axes on the aggregate supply diagram below then draw an aggregate supply curve then show the effect of the following (they should all have the same effect so you only need to do it once):

A reduction in corporation tax and/or an improvement in technology and/or an increase in factor mobility



Q4

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### Topic: Theory of Demand

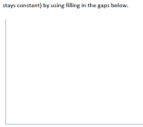
Q3

As we saw above a change in price causes a movement along the demand curve. However, other factors cause a shift in or out of the demand curve. Complete the table below to show whether demand for iPhones would shift in or out.

Factor	Demand for iPhones shifts in or out?
A rise in the price of a Samsung phone	
A successful advertising campaign by Apple	
A rise in global populations	
Distributional increases in income around the world	
A rise in the price of iTunes	

Q4

Using a diagram, explain the effect of an increase in global incomes (assume that price of iPhones stays constant) by using filling in the gaps below.



Explanation:

"As we have seen, a rise in global incomes has ..... demand for consumer durables such as iPhones. With higher average incomes, iPhones become more ..... as more people counting on ..... in the demand for iPhones. As such, the diagram shows a ..... to the ..... of the demand curve from D1 to D2 and indicates that there is an ..... in quantity demanded or more."

Choose from: **increase, affordable, rise, shift, price, right, increased**

Q5

Using your phone, tablet, PC or knowledge, jot down a few ideas as to why demand for DVD players has shifted to the left in recent years.

Q6

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### Topic: Competition and Monopoly

Q1

A pure monopolist is a single seller. It is rare for a firm to have a pure monopoly – except when the industry is state-owned and has a legally protected monopoly.

A writing monopoly is any firm with greater than 50% of total sales.

An oligopoly is characterized by the existence of a few dominant firms, each has market power and which seeks to protect and improve its position over time.

In a duopoly, 2 firms take the majority of demand.

Q2

Characteristics	Competitive or monopoly market
A dominant firm is a firm "controls" at least 40% of their given market	Monopoly
Many small firms	Competitive
Sellers produce slightly differentiated products giving consumers plenty of choice	Competitive
One firm often has price setting power	Monopoly
Consumer loyalty to established businesses is fairly weak	Competitive
An abnormally inefficient outcome is likely	Monopoly
Consumers and sellers have full information about prices so that it is easy for buyers to find the seller offering the best value for money	Competitive
The barriers to entering the market are high, preventing new firms to come into the market in pursuit of profit	Monopoly

Q3

Active Amazon accounts increased every year from 1.5m in 1997 to 270m in 2014

268,5/21 = 20.45m user accounts per year

Amazon is a dominant firm in it has at least 40% in many of the markets in which it operates and price setting power

Q4

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