

RISHIKUL SANATAN COLLEGE REVISION WORKSHEET

ECONOMICS

YEAR 13

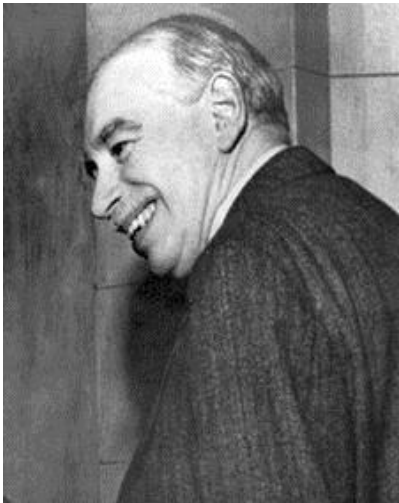
7th – 11th June

MONDAY

Additional Readings

1 KEYNESIAN ECONOMIC (Also called Keynesian Revolution)

In the years after the World War, the economies experienced great depression which leads to increase in unemployment and a stagnating economy.



John Maynard Keynes (1883 – 1946)

Founder of Keynesian School of Thought

Literature: ***General Theory of Employment, Interest, and Money (1936)***

He advocated the use of fiscal and monetary measures to mitigate the adverse effects of economic recessions and depressions

John Maynard Keynes (1883 – 1946) Theorist who brought economics into the 20th century (rhymes with brains)

Keynes' ***General Theory of Employment, Interest, and Money*** was published in 1936

Keynes demonstrated that unemployment could persist indefinitely, unless government steps in to increase government spending which would lead to increase total demand, resurgence of business activity, and the restoration of full employment

QUESTION 1

You are required to complete the table using relevant and appropriate remarks or statements under the numbers (i) – (iv) in the relevant section of your **Answer Book**.

Economist or Theorist	One Underlying Main Theory	Role of Government	Resource Allocation	Ownership of Assets
John Maynard Keynes (1883 – 1946)	(i)	(ii)	In times of recession and high unemployment, assume the responsibility for allocating resources and utilizing labour	(iii)

Research on

- i) J.M. Keynes's AD-AS model
- ii) J.M. Keynes's spending multiplier

TUESDAY

QUESTION 2: Essay Writing

A school of economic thought is a group of economic thinkers who share or shared common perspective on the way economies work to uphold rational thinking and economic efficiency.

Discuss the above statement with reference to:

- **Any three economic ideas contributed by classical economics** (3 marks)
- **Any three economic ideas contributed by neo-classical economics** (3 marks)
- **Any three economic ideas contributed by keynesian economics** (3 marks)

WEDNESDAY

QUESTION 3

Study the information given below and use your knowledge to answer questions.

Number of apples	Tu (Units)	Mu (Units)
0	0	0
1	(a)	24
2	44	(b)
3	(a)	16
4	72	(d)

- (i) Complete the table by filling in the missing values of Tu and Mu.
- (ii) Using the data above, draw the graph of Tu and Mu.
- (iii) State the Optimal Purchase Rule
- (iv) State one significance of the Law of Diminishing Marginal Utility.
- (iv) Define law of equi-marginal utility.

THURSDAY,

QUESTION 4

The following equations describe the relationship between the price of Cheese Cake, the quantity sellers are willing to sell and the quantity buyers are willing to buy.

$$P = 10 + 0.5Q$$

$$P = 100 - 2Q$$

Where P is the price per unit of Cheese Cake in (\$) and quantities are expressed in units

- (i) Solve the equations to determine the equilibrium price and quantity. Show your working.
- (ii) Plot and fully label the graph for the two equations given above.
- (iii) Suppose the government imposed a price floor of \$30 per unit of Cheese Cake. What would be the market situation at this new price? Explain how this industry would be affected.
- (iv) Define price mechanism

FRIDAY

QUESTION 5

- (i) Discuss points about budget line(inside, on and outside)
- (ii) What is price ratio?
- (iii) The budget line can be expressed as an equation. Write the equation of the budget line.
- (iv) State the formula for slope of the budget line.
- (v) Draw the graph showing effect of change in income on budget line
- (vi) Why the new budget line parallel to original budget line?