DBS

**Dublin
Business
School**

QQI

Bachelor of Arts (Honours) in Business (Management) FT

Bachelor of Arts (Honours) in Business (Psychology) PT

BA (HONS) ACCOUNTING & FINANCE

SUMMER 2024 EXAMINATIONS

Module Code: **B7AF111**

Module Description: **Advanced Economic Perspectives**

Examiner: **Alexander Victor**

Internal Moderator: **Khairizah HJ Abas**

External Examiner: **Marianna Koli**

INSTRUCTIONS TO CANDIDATES

Time allowed is 2 hours
Answer two questions.

Question 1

a) Differentiate between economic rent and transfer earnings. If a nurse would leave the profession if the wage fell below €40,000 and they currently earn €60,000, what would be their economic rent and transfer earnings?

(10 Marks)

b) What are the characteristics of a perfect competition market, and explain five determinants of the elasticity of demand for labor under perfect competition?

(10 Marks)

c) Suppose the marginal utility for a consumable item X is 20 at a price of €4 each, and the marginal utility of a second consumable item Y is 10 at a price of €2. Estimate the marginal rate of substitution of good X to Y by a consumer while maintaining the same marginal utility.

(15 Marks)

d) If a firm in Ireland produces winter jackets using 5 units of labor and 3 units of capital, and the marginal cost of labor is €10, while the marginal cost of capital for producing the winter jacket is €5, estimate the marginal rate of transformation of capital while maintaining the same level of output.

(15 Marks)

Total (50 marks)

Question 2

a) Explore the implications of technological advancements such as artificial intelligence and automation on the labor market.
(25 Marks)

b) Examine the potential effects of technological advancements on wages and income distribution.
(25 Marks)

Total (50 marks)

Question 3

a) Differentiate between.
   a. Inflation   **(5 Marks)**
   b. Unemployment   **(5 Marks)**
   c. Stagflation   **(5 Marks)**

b) Apply the Phillips Curve model to analyze the trade-off between inflation and unemployment in the context of a country facing stagflation.
(15 Marks)

c) Propose potential strategies to navigate this dilemma in (b) above.
(20 Marks)

Total (50 marks)

Question 4

a) Evaluate the role of government intervention in addressing externalities, using the example of environmental pollution.
(15 Marks)

b) Assess the effectiveness of green taxes and carbon trading in reducing the carbon footprint and promoting the likelihood of a favorable outcome for any product of your choice.
(15 Marks)

c) Discuss the trade-offs and challenges associated with implementing such interventions to achieve environmental sustainability.
(20 Marks)

Total (50 marks)

END OF EXAMINATION