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EDEXCEL INTERNATIONAL GCSE ECONOMICS: QUESTIONS BY TOPIC

The economic problem (1.1.1)

International GCSE Economics · Paper 1: Microeconomics and Business Economics

31 questions · 71 marks · Mark schemes included

Past papers June 2019 - June 2025 · 2 specification sub-topics

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HOW TO USE THIS BOOKLET

Questions are grouped by specification sub-topic and run from the lowest to the highest mark tariff, then oldest paper first.

Click any row below to jump straight to that sub-topic or question.

On every question page, click ANSWER in the top-right corner to jump to its mark scheme; < QUESTION brings you back.

Whenever a question refers to an extract, figure or table, those exact pages are printed immediately before it ("extracts & data").

A gold bar in the left margin marks exactly where the question sits on the original page.

Diagrams, graphs, tables and data are printed exactly as they appear in the original papers.

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2. Q3(b)	IGCSE Paper 1R June 2019	1	4
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4. Q1(e)	IGCSE Paper 1 November 2020	1	6
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QUESTIONS

31 questions · 71 marks · 2 sub-topics

SUB-TOPIC 1.1.1 (a-b)

SCARCITY AND OPPORTUNITY COST

Sub-topic 1.1.1 (a-b) · 12 questions · 22 marks · lowest tariff first



2 (a) Which **one** of the following is part of the economic problem of scarcity?

(1)

- ☐ A When to produce
- ☐ B What to produce
- ☐ C Whether to produce
- ☐ D Where to produce

A country is able to produce agricultural and non-agricultural goods. Its production possibility curve is shown in Figure 3.



Figure 3

(b) Which **one** of the following points is **not** achievable?

(1)

- ☐ A W
- ☐ B X
- ☐ C Y
- ☐ D Z



3 (a) Which **one** of the following may result in economic growth?

(1)

- ☐ **A** Increasing unemployment
- ☐ **B** Decreasing government spending
- ☐ **C** Decreasing productivity
- ☐ **D** Increasing technological advancements

(b) Which **one** of the following is an example of an economic want?

(1)

- ☐ **A** Food
- ☐ **B** Water
- ☐ **C** Shelter
- ☐ **D** Education

The total revenue of a printing firm is \$75 000 per month when it sells 100,000 newspapers. The price of a newspaper increases to \$0.85 and demand falls to 95,000 newspapers per month.

(c) Calculate the new total revenue. You are advised to show your working.

(2)

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(d) Using your answer to 3 (c), state the price elasticity of demand for newspapers.

(1)

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Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

- 1 (a) Which **one** of the following is the term for the next best alternative given up when a choice is made?

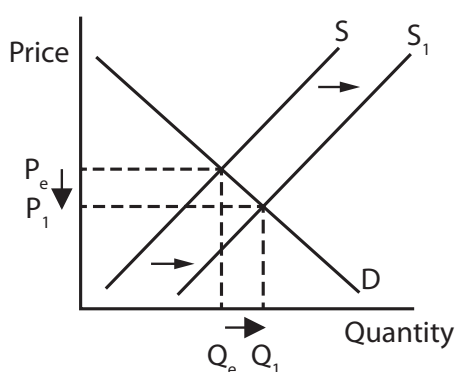
(1)

- ☒ A Business competition
☒ B Capital investment
☒ C Opportunity cost
☒ D Spare capacity

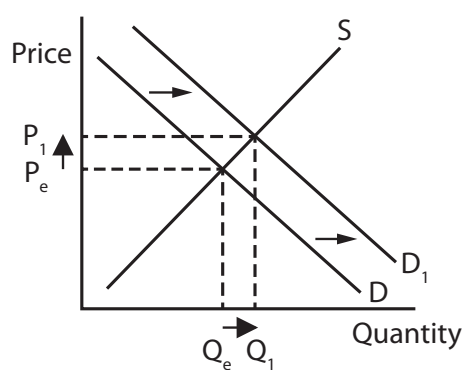
- (b) Which **one** of the following options shows the effects on the market for motorcycle helmets after a fall in the price of motorcycles?

(1)

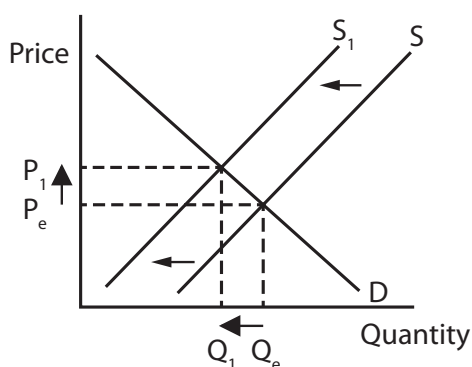
☒ A



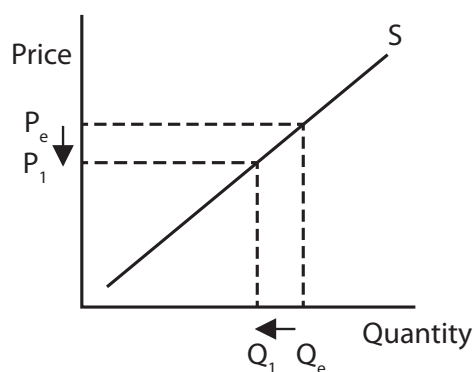
☒ B



☒ C



☒ D



(c) What is meant by the term external costs?

(2)

(d) State **one** example of an external benefit.

(1)

The problem of scarcity is that there are unlimited wants and finite resources.

(e) Define the term wants.

(1)

Private facilities in which swimmers can change clothes are available at the swimming pool in Ciney, Belgium. The quantity demanded for these facilities during each of the first three months of 2019 is shown in Figure 1.

Month	Quantity of private facilities demanded
January	3,600
February	3,200
March	3,100

Figure 1

- (f) Calculate the **excess demand** for private changing facilities for the first three months of 2019 if the quantity supplied during each month was 3,000 (9,000 in total). You are advised to show your working.

(2)

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3 (a) Which **one** of the following could be described as an economic need?

(1)

- ☐ A Haircut
- ☐ B Holiday
- ☐ C Shelter
- ☐ D Smartphone

(b) Which **one** of the following is an example of an external benefit?

(1)

- ☐ A Education
- ☐ B Air pollution
- ☐ C Overcrowding
- ☐ D Resource depletion

(c) Draw a supply curve on the diagram below that has price elastic supply (PES).
Label the impact of a price change from P_1 to P_2 and its impact on quantity from Q_1 to Q_2 .

(3)



Figure 3



Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☐. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☐.

- 1 (a) Which **one** of the following is a definition of opportunity cost?

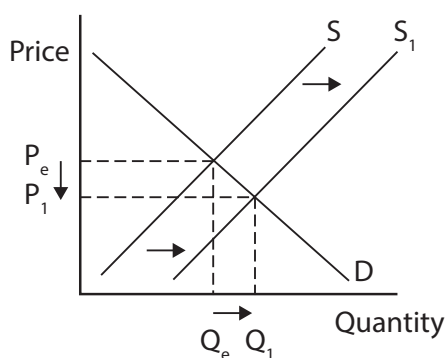
(1)

- ☐ A Rivalry that exists between firms
- ☐ B Investment in capital goods
- ☐ C The next best alternative given up
- ☐ D Unused resources

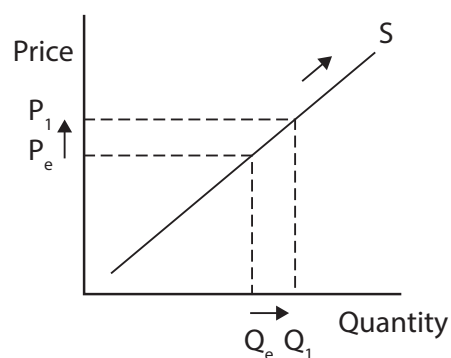
- (b) Which **one** of the following diagrams shows the likely effect on the market for cars after an increase in subsidies to car manufacturers?

(1)

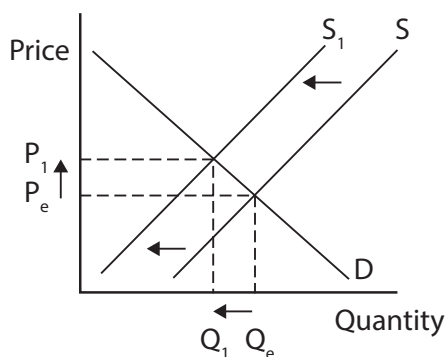
☐ A



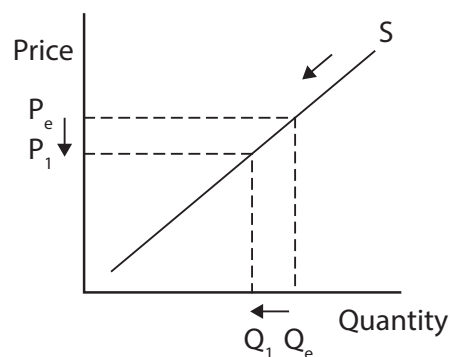
☐ B



☐ C



☐ D



(f) Describe **one** reason why infinite wants lead to scarcity.

(2)



Figure 3 shows the demand for cocoa beans during 2019.

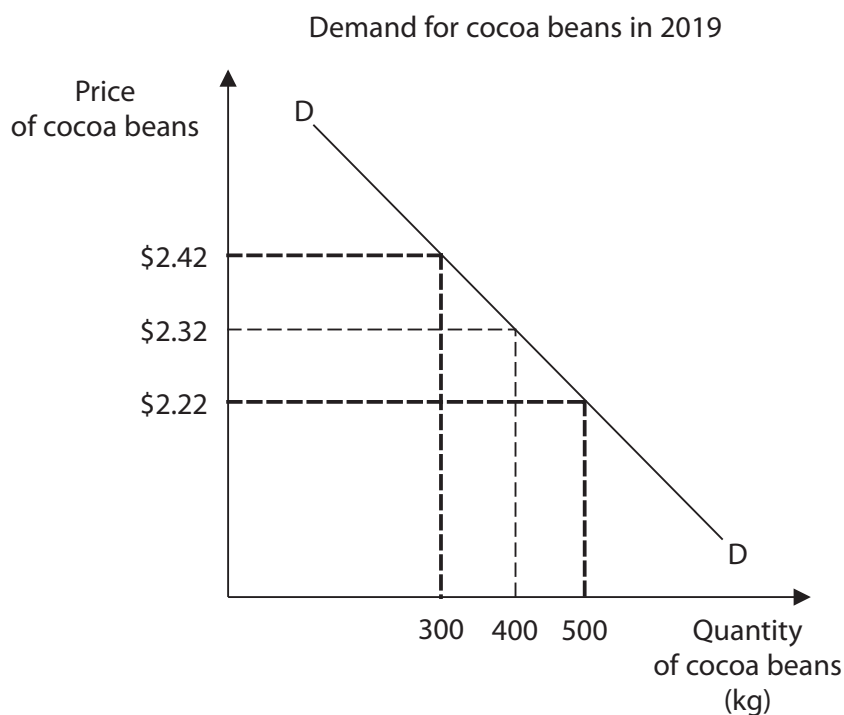


Figure 3

- (g) Explain **one** effect on the demand curve for cocoa beans following a change in the price.

(3)

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- 2 (a) A firm employing 135 workers has a total output of 33,750 units each month. What is the monthly labour productivity of the firm?

(1)

- ☐ A \$250
- ☐ B \$4 556 250
- ☐ C 250 units
- ☐ D 4,556,250 units

- (b) Which **one** of the following is a possible cause of positive economic growth?

(1)

- ☐ A Decreasing population
- ☐ B Decreasing productivity
- ☐ C Increasing unemployment
- ☐ D Increasing technological advancements

- (c) What is meant by the term opportunity cost?

(2)

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Figure 3 shows some of the production costs in March for a firm manufacturing clothing in Bangladesh.

Production costs	Bangladeshi Taka (Tk)
Rent	20 250
Raw materials	10 050
Advertising	5 125
Labour (paid in direct proportion to output)	105 000

Figure 3

- (d) Calculate the **total fixed costs** for the firm in March. You are advised to show your working.

(2)

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- (e) Describe **one** reason why an entrepreneur is a factor of production.

(2)

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- (g) Using the diagram below, draw the likely effects of an increase in income on the equilibrium price and quantity for wireless headphones. Label the new curve, the new equilibrium price and quantity.

(3)

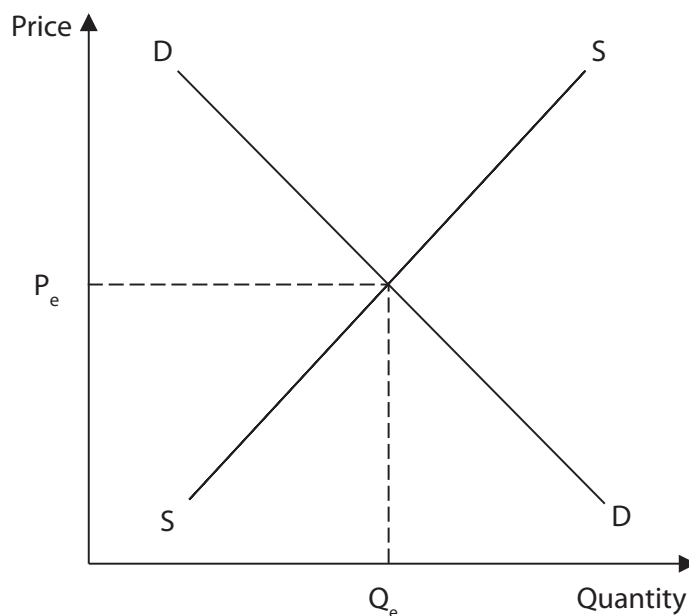


Figure 1

The government of a country has decided to build a new hospital.

- (h) Explain **one** possible opportunity cost for the government of this decision.

(3)

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- (g) Using the diagram below, draw the effects on the equilibrium price and quantity after the government removes an indirect tax on sustainable fuel. Label the new curve, the new equilibrium price and quantity.

(3)

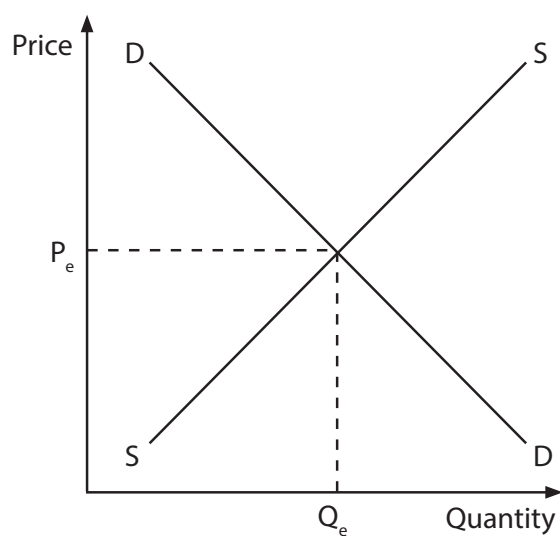


Figure 1

A firm has decided to purchase a new computer system.

- (h) Explain **one** possible opportunity cost for the firm of this decision.

(3)

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Figure 1 shows the market for solar panels.

- (g) Using the diagram below, draw the likely effects on the market for solar panels if the government removes an indirect tax on them. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

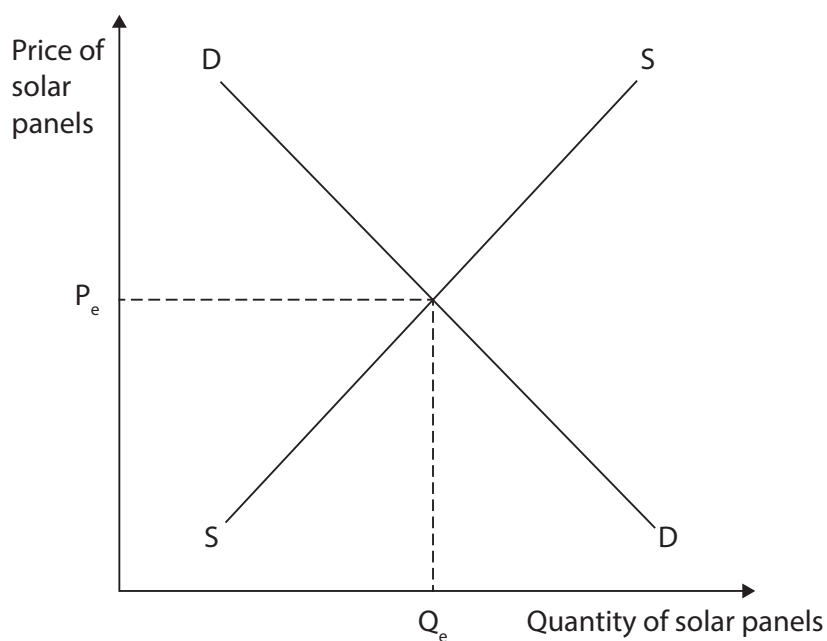


Figure 1

Casper has decided to purchase a new television.

- (h) Explain **one** possible opportunity cost for Casper of this decision.

(3)

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Anastasia runs a martial arts club in District 16 of Budapest, Hungary. She offers classes to children and to adults. There are six classes a week. Following a successful few years, Anastasia is considering growing the business by opening a second club in another district of Budapest.

- (i) With reference to the data above and your knowledge of economics, analyse **two** possible factors influencing Anastasia's decision to open a second club.

(6)



Figure 1 shows the market for tennis balls.

- (g) Using the diagram below, draw the likely effects on the market for tennis balls after a fall in the price of tennis rackets. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

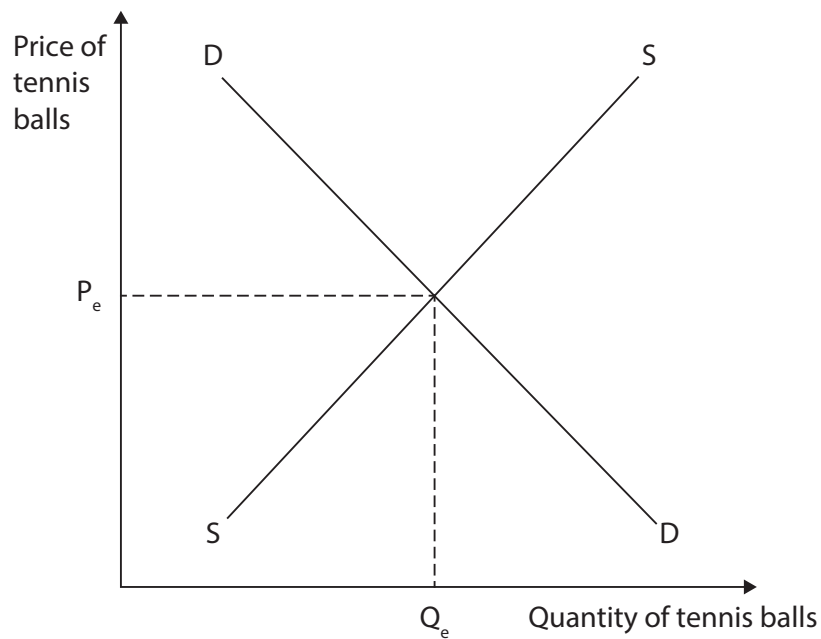


Figure 1

A firm has decided to purchase a new delivery vehicle.

- (h) Explain **one** possible opportunity cost for the firm of this decision.

(3)

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Jags owns a café in a small town in Malaysia. During a recent school holiday, she offered a free lunch to each child visiting the café with a paying adult. This was welcomed by customers who have had problems in the last few months due to the rising cost of living.

- (i) With reference to the data above and your knowledge of economics, analyse a possible reason why Jags chose not to maximise profit.

(6)



SUB-TOPIC 1.1.1 (c-e)

PRODUCTION POSSIBILITY CURVES AND ECONOMIC GROWTH

Sub-topic 1.1.1 (c-e) · 19 questions · 49 marks · lowest tariff first



2 (a) Which **one** of the following is part of the economic problem of scarcity?

(1)

- ☐ A When to produce
- ☐ B What to produce
- ☐ C Whether to produce
- ☐ D Where to produce

A country is able to produce agricultural and non-agricultural goods. Its production possibility curve is shown in Figure 3.

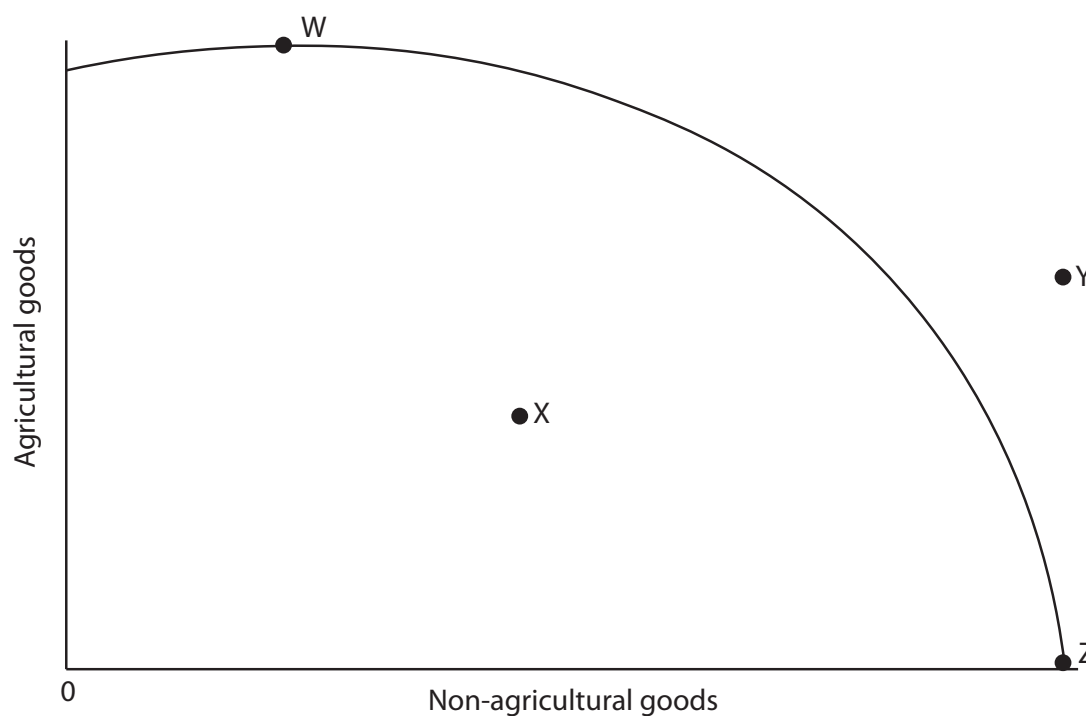


Figure 3

(b) Which **one** of the following points is **not** achievable?

(1)

- ☐ A W
- ☐ B X
- ☐ C Y
- ☐ D Z

3 (a) Which **one** of the following may result in economic growth?

(1)

- ☐ **A** Increasing unemployment
- ☐ **B** Decreasing government spending
- ☐ **C** Decreasing productivity
- ☐ **D** Increasing technological advancements

(b) Which **one** of the following is an example of an economic want?

(1)

- ☐ **A** Food
- ☐ **B** Water
- ☐ **C** Shelter
- ☐ **D** Education

The total revenue of a printing firm is \$75 000 per month when it sells 100,000 newspapers. The price of a newspaper increases to \$0.85 and demand falls to 95,000 newspapers per month.

(c) Calculate the new total revenue. You are advised to show your working.

(2)

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(d) Using your answer to 3 (c), state the price elasticity of demand for newspapers.

(1)

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(c) What is meant by the term total revenue?

(2)

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(d) State **one** possible cause of positive economic growth.

(1)

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(e) Define the term external benefit.

(1)

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Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

- 1** (a) Which **one** of the following does a point on a production possibility curve (PPC) represent?

(1)

- ☐ **A** Where capital goods should be produced
- ☐ **B** How the production of all goods can be increased
- ☐ **C** Government revenue from production
- ☐ **D** A given amount of resources being fully employed

Andreas is a plumber. Unlike his competitors, he is prepared to work at the weekend. However, he charges customers 50% more for his services at the weekend.

- (b) Which **one** of the following describes this economic assumption?

(1)

- ☐ **A** Businesses aim to maximise their profit
- ☐ **B** Producers may complete charitable work
- ☐ **C** Consumers sometimes copy others' behaviour
- ☐ **D** Governments try to increase the number of days worked

- (c) What is meant by the term economies of scale?

(2)

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- 2 A country is able to produce agricultural and non-agricultural goods with a given amount of resources. Its production possibility curve (PPC) is shown in Figure 2.

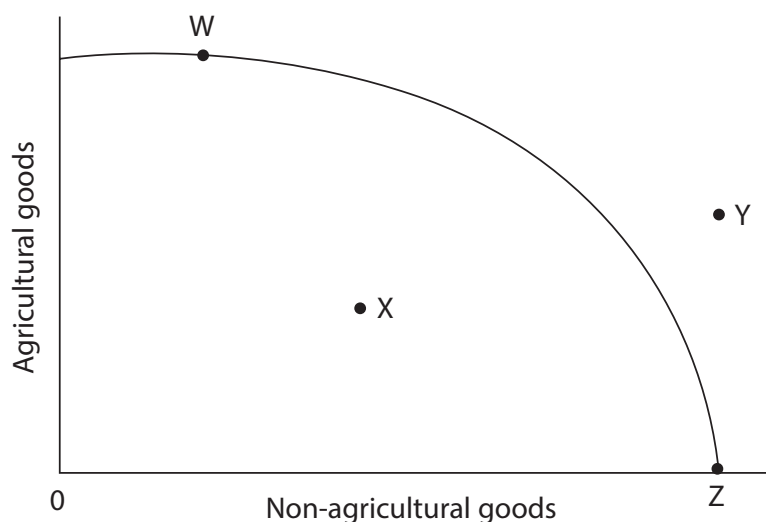


Figure 2

- (a) Which **one** of the following points shows unemployed resources?

(1)

- ☐ A W
- ☐ B X
- ☐ C Y
- ☐ D Z

- (b) A trade union is an organisation that aims to protect

(1)

- ☐ A consumer interests
- ☐ B the environment
- ☐ C employee rights
- ☐ D the government

- (c) State **one** reason why firms stay small.

(1)

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Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

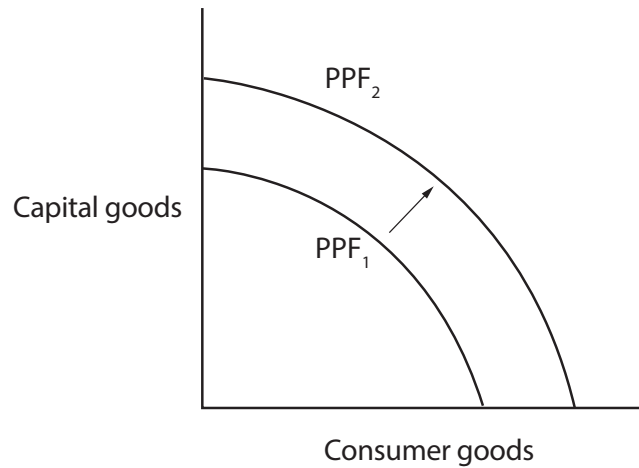


Figure 1

- 1 (a) Which **one** of the following might have caused the movement from PPF_1 to PPF_2 in Figure 1 above?

(1)

- ☐ A Negative economic growth
- ☐ B Positive economic growth
- ☐ C Diseconomies of scale
- ☐ D Economies of scale

- (b) A firm has total costs of \$10 000 and sells each item at a price of \$100. It sells 200 items. What is the **profit or loss** for the firm?

(1)

- ☐ A \$20 000 profit
- ☐ B \$10 000 profit
- ☐ C \$20 000 loss
- ☐ D \$10 000 loss

- 2 (a) A firm employing 135 workers has a total output of 33,750 units each month. What is the monthly labour productivity of the firm?

(1)

- ☐ A \$250
- ☐ B \$4 556 250
- ☐ C 250 units
- ☐ D 4,556,250 units

- (b) Which **one** of the following is a possible cause of positive economic growth?

(1)

- ☐ A Decreasing population
- ☐ B Decreasing productivity
- ☐ C Increasing unemployment
- ☐ D Increasing technological advancements

- (c) What is meant by the term opportunity cost?

(2)

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- 2 A country is able to produce agricultural and non-agricultural goods with a given amount of resources. Its production possibility curve (PPC) is shown in Figure 2.

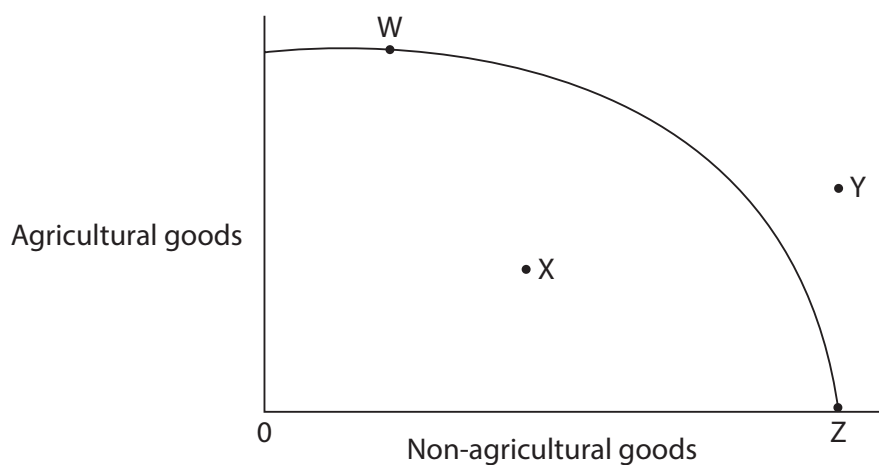


Figure 2

- (a) Which **one** of the following options shows unobtainable production?

(1)

- ☐ **A** W
- ☐ **B** X
- ☐ **C** Y
- ☐ **D** Z

- (b) Which **one** of the following is a factor that may affect the supply of labour?

(1)

- ☐ **A** Age distribution of population
- ☐ **B** Economies of scale
- ☐ **C** Firms aiming to maximise profit
- ☐ **D** Long run average costs

Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

- 1** (a) Which **one** of the following can represent a point on a production possibility curve (PPC)?

(1)

- ☐ **A** Where consumer goods should be produced
- ☐ **B** How the production of all goods can be increased
- ☐ **C** Total revenue from production
- ☐ **D** Production which is obtainable

On one day a month, a firm charges each customer a price of \$10 for providing one hour of gardening services. The cost to the firm for providing the service to each customer is \$15.

- (b) Which **one** of the following describes why the firm might do this?

(1)

- ☐ **A** Producers aim to maximise their profit
- ☐ **B** Producers may complete charitable work
- ☐ **C** Consumers have habits that are hard to give up
- ☐ **D** Consumers sometimes copy others' behaviour

- (c) What is meant by the term economies of scale?

(2)

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- 4 Figure 6 shows the Production Possibility Curve (PPC) for an economy making consumer goods and capital goods.

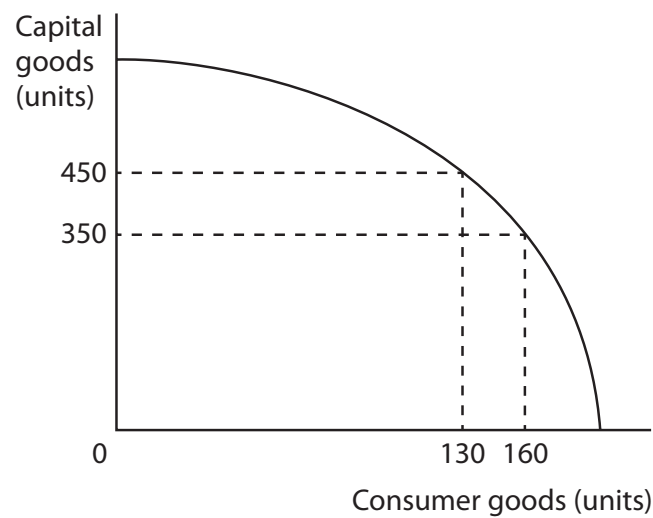


Figure 6

- (a) When the current level of output is 350 units of capital goods, calculate the **opportunity cost** of producing an additional 100 units of capital goods. You are advised to show your working.

(2)

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Five years ago Ben Hogan began working for a large firm based in London. He was originally happy with his role but is now thinking about leaving. He is frustrated with how long it takes for even straight-forward decisions to be made.

The firm has grown considerably in the last two years and there are many more employees as a result. There is an increasing number of checklists about how to carry out tasks. Ben finds this time-consuming and feels his ideas are no longer listened to.

- (b) With reference to the data above and your knowledge of economics, analyse why Ben's employer might be experiencing diseconomies of scale.

(6)

[illegible]

- 4 Figure 4 shows the Production Possibility Curve (PPC) for an economy making capital goods and consumer goods.

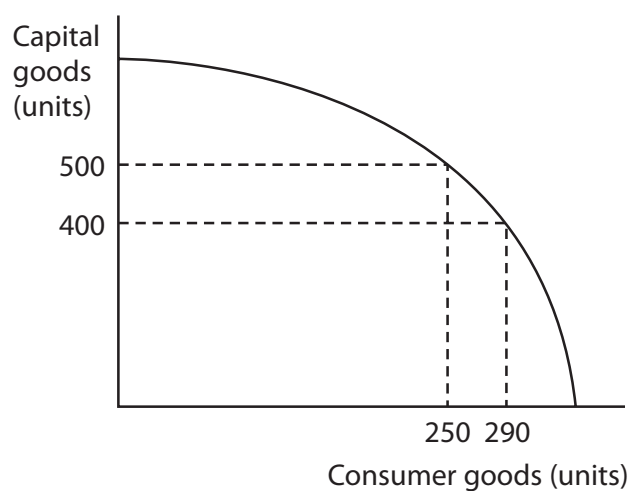


Figure 4

- (a) When the current level of output is 250 units of consumer goods, calculate the **opportunity cost** of producing an additional 40 units of consumer goods. You are advised to show your working.

(2)

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A tagine is a type of cooking pot which is used to make meals throughout Morocco. Almost every home in Morocco has one. They have also become an increasingly popular purchase for tourists who want to take home a souvenir of their travels. Producers can sell tagines in markets all over Morocco. However, as demand has increased, many have chosen to sell in the areas visited by tourists, such as Marrakesh.

(b) With reference to the data above and your knowledge of economics, analyse how the equilibrium price of tagines sold to tourists is determined.

(6)

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

3 (a) Which **one** of the following is an example of an external economy of scale?

(1)

- ☐ A Bulk buying
- ☐ B Skilled labour
- ☐ C Bureaucracy
- ☐ D Managerial

(b) Which **one** of the following is a main feature of an oligopoly?

(1)

- ☐ A Rising fixed costs
- ☐ B No barriers to entry
- ☐ C Large firms dominate the market
- ☐ D Specialises in the public sector

An economy can produce consumer and capital goods. This economy originally produced at PPC1 with all resources fully employed but due to positive economic growth, it can now produce at PPC2 with all resources fully employed.

- (c) Using the axes below, draw two production possibility curves (PPC) to show an economy moving from PPC1 to PPC2. Label both production possibility curves and the axes.

(3)

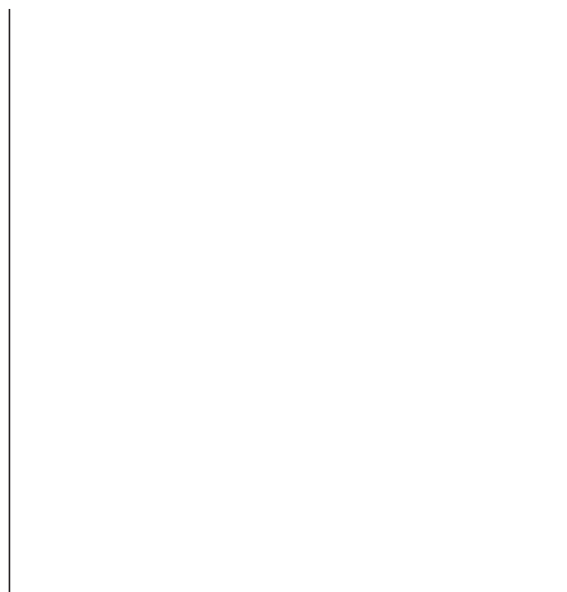


Figure 2

Technology has been used to perform some of the jobs previously done for many years by humans, for example, robots in factories and self-checkout machines. This substitution of capital for labour is likely to increase as technology advances. At most call centres, humans currently respond to customer queries but Google has developed an automated assistant. Many telecom firms have switched to using calls made by these automated assistants.

- (d) With reference to the data above and your knowledge of economics, analyse how the demand for labour might be affected by the use of machines.

(6)

3 (a) Which **one** of the following is most likely to cause a shift to the left in the supply curve? (1)

- ☐ A Increased indirect taxes
- ☐ B Cost reductions
- ☐ C Increased subsidies
- ☐ D Decreased advertising

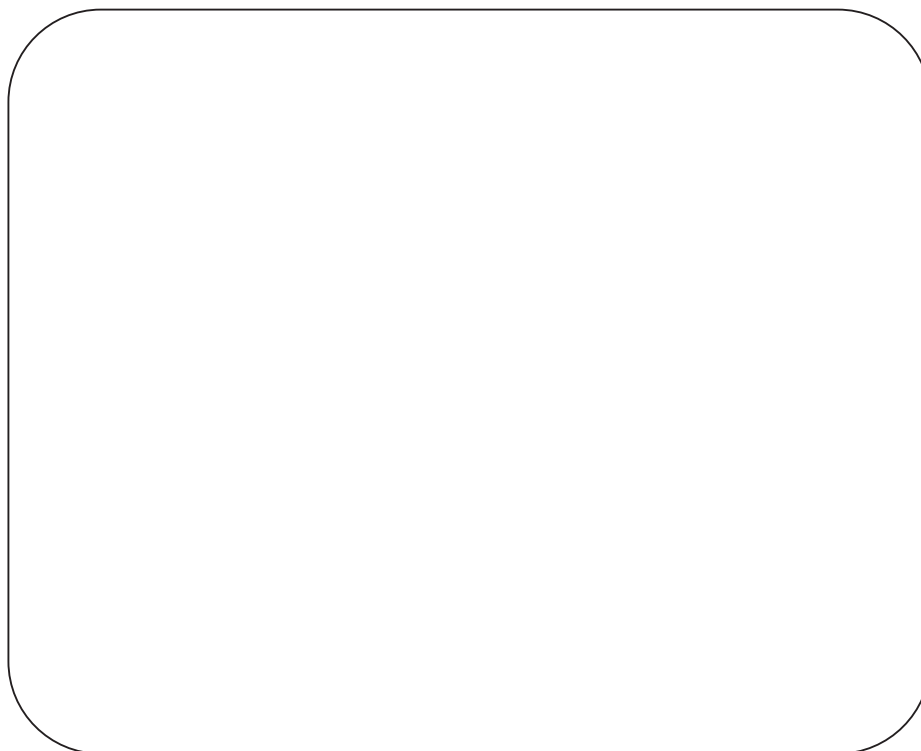
(b) Which **one** of the following best describes an income elasticity of demand (YED) of 2.6? (1)

- ☐ A Inferior
- ☐ B Unitary
- ☐ C Luxury
- ☐ D Inelastic



- (c) In the box below, draw a production possibility frontier (PPF) for a firm that can produce diaries and/or calendars. On your PPF, draw what would happen if production of calendars increased.

(3)



3 (a) A pollution permit is a type of

(1)

- ☐ **A** factor of production
- ☐ **B** government intervention
- ☐ **C** economy of scale
- ☐ **D** economic assumption

(b) Which **one** of the following is likely to lead to an increase in the productivity of land?

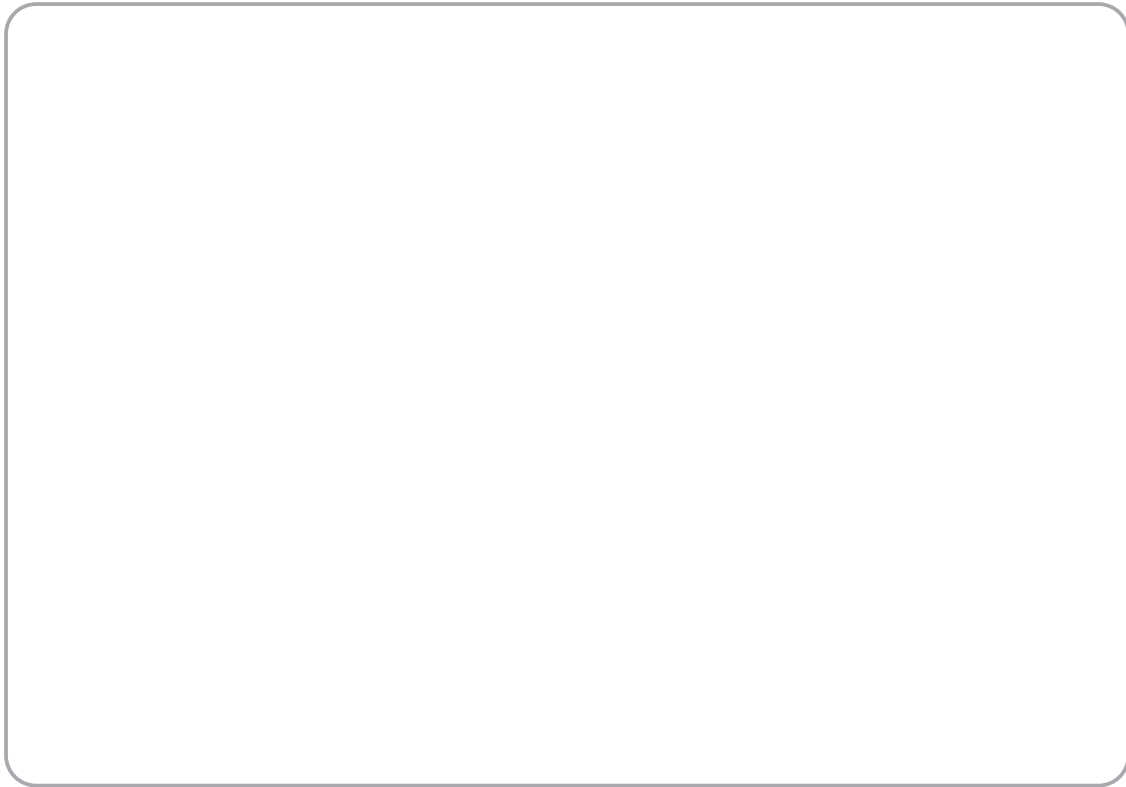
(1)

- ☐ **A** Increase in the use of fertiliser
- ☐ **B** Decrease in the use of irrigation
- ☐ **C** Increase in the use of advertising
- ☐ **D** Decrease in the use of drainage



- (c) In the box below, draw a production possibility frontier (PPF) for a firm that can produce tables and/or chairs. On your PPF, draw what would happen if the production of chairs decreased and tables increased.

(3)



- 3 (a) Which **one** of the following is most likely to cause a shift to the left of the demand curve?

(1)

- ☐ **A** Increased advertising
- ☐ **B** Cost reductions
- ☐ **C** Increased indirect taxes
- ☐ **D** Decreased incomes

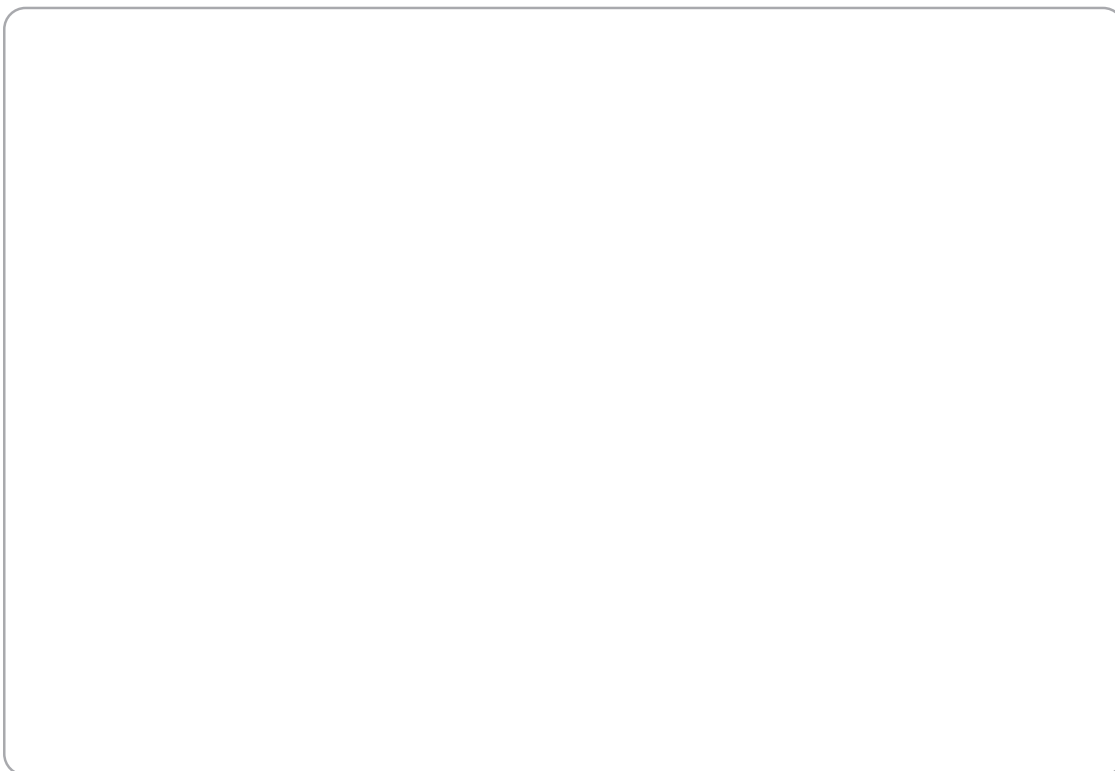
- (b) Which **one** of the following best describes the type of goods with an income elasticity of demand (YED) of -1.3 ?

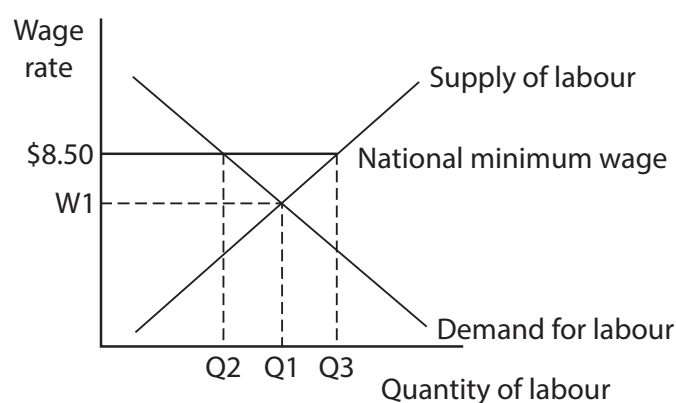
(1)

- ☐ **A** Inferior
- ☐ **B** Unitary
- ☐ **C** Luxury
- ☐ **D** Normal

- (c) In the box below, draw a production possibility curve (PPC) for a firm that can produce shampoo and/or toothpaste. On your PPC, draw and label what would happen if production of toothpaste was increased.

(3)



**Figure 4**

In 2021, the national minimum wage in Barbados was increased from \$6.25 per hour to \$8.50 per hour.

- (d) With reference to the data above and your knowledge of economics, analyse the likely impact of an increase in the national minimum wage on the supply of labour in Barbados.

(6)

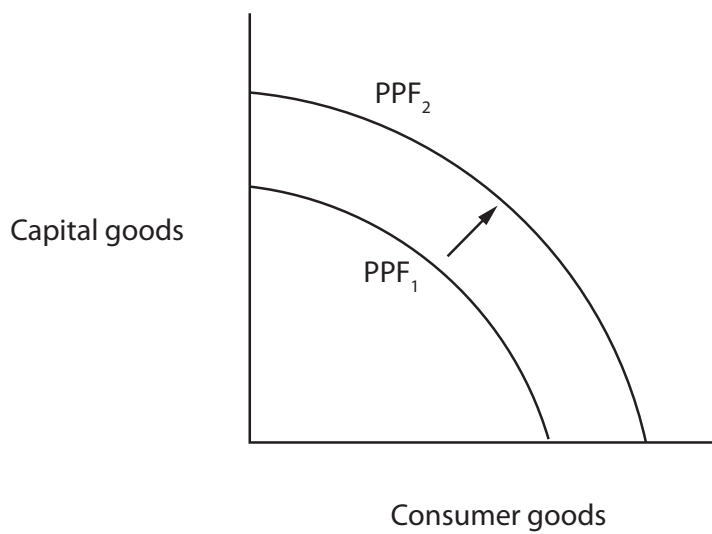
**Figure 3**

Figure 3 shows an outward shift in the production possibility frontier (PPF) for an economy.

(e) Analyse why the economy has moved from PPF_1 to PPF_2 .

(6)

[illegible]

3 (a) Which **one** of the following is defined as 'the selling of an enterprise controlled by the government to the private sector'?

(1)

- ☐ **A** Reclamation
- ☐ **B** Innovation
- ☐ **C** Nationalisation
- ☐ **D** Privatisation

(b) Which **one** of the following is an example of an occupation in the primary sector?

(1)

- ☐ **A** Teacher
- ☐ **B** Farmer
- ☐ **C** Electrician
- ☐ **D** Actor

(c) On the diagram below, draw the effects of an increase in the school-leaving age on the labour market in a country. Label the new curve, the new equilibrium wage rate and the new equilibrium quantity of workers employed.

(3)

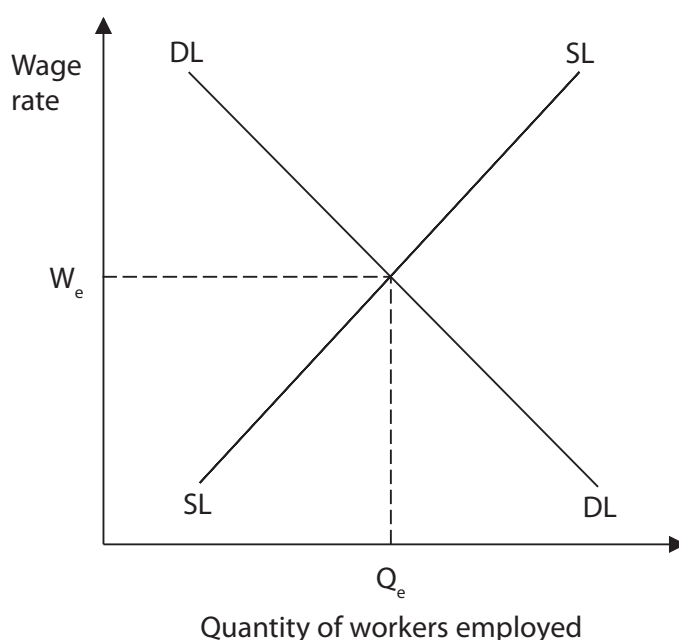


Figure 3

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

- (g) Using the diagram below, draw the likely effect on the market for luxury holidays after a fall in income. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

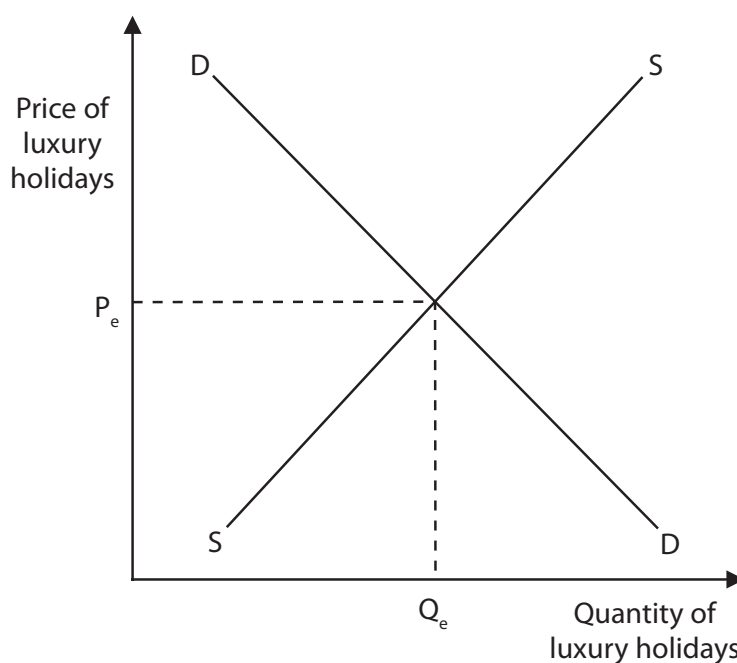


Figure 1

Government-owned Angola Telecom is to be privatised in an attempt to make the industry more efficient.

- (h) Explain **one** possible disadvantage of privatisation for workers in the telecoms industry in Angola.

(3)

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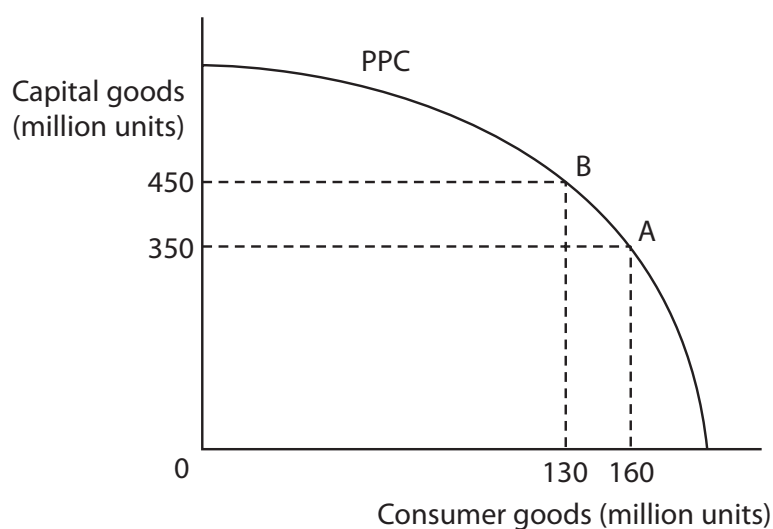
**Figure 2**

Figure 2 shows the production possibility curve (PPC) for an economy.

- (i) With reference to the data above and your knowledge of economics, analyse the impact on the economy after a movement from A to B on the production possibility curve (PPC).

(6)

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(Total for Question 1 = 20 marks)



3 (a) A minimum wage is a type of

(1)

- ☐ A factor of production
- ☐ B economic assumption
- ☐ C economy of scale
- ☐ D government intervention

(b) Which **one** of the following is likely to lead to an increase in the productivity of capital?

(1)

- ☐ A An increase in bureaucracy
- ☐ B A decrease in the availability of finance
- ☐ C An increase in technological advances
- ☐ D A decrease in the size of the market

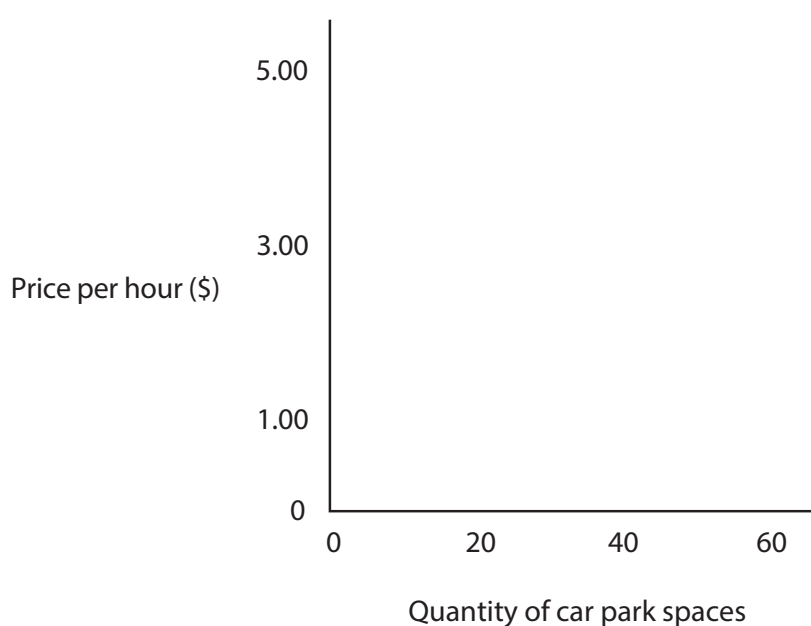
Figure 3 shows the estimated demand for car park spaces at a given price.

Price per hour (\$)	1.00	3.00	5.00
Demand	60	40	20

Figure 3

(c) Using the information in Figure 3, draw and label the demand curve for car park spaces on the diagram below.

(3)



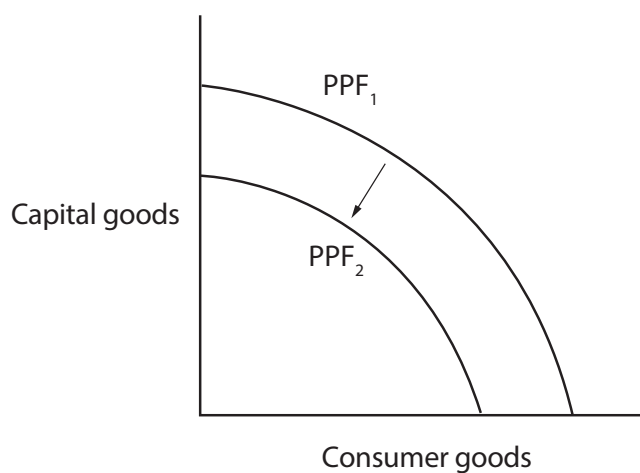
**Figure 4**

Figure 4 shows an inward shift in the production possibility frontier (PPF) for an economy.

- (d) With reference to the data above and your knowledge of economics, analyse why the economy might have moved from PPF_1 to PPF_2 .

(6)



[illegible]

In 2022, two entertainment firms WarnerMedia and Discovery are expected to merge. The new firm will be called Warner Bros. Discovery. It is predicted it will have 59 million subscribers to its merged streaming services. This will increase further if plans to release several new programmes go ahead.

The new firm will have assets that include: many popular television channels; film, animation and television studios; DC Comics; and news channel CNN. The new company will have an estimated value of \$150bn.

- (e) With reference to the data above and your knowledge of economics, assess whether WarnerMedia merging with Discovery is likely to benefit from economies of scale.

(9)

[illegible]

MARK SCHEMES

official mark schemes, in the same order as the questions



Question number	Answer	Mark
2(a)	AO1 1 mark B What to produce	(1)

Question number	Answer	Mark
2(b)	AO2 1 mark C Y	(1)

Question number	Answer	Mark
2(c)	AO2 2 marks Award 1 mark for showing correct calculation. -12 ÷ 15 (1) Award 1 mark for correct price elasticity of demand (PED). = -0.8 (1) Award 1 mark if students show calculation and put 0.8 without the minus sign Award 2 marks if PED is correctly calculated, even if no calculations are shown Do not award marks for the formula	(2)

Question number	Answer	Mark
2(d)	AO1 1 mark Award 1 mark for reference to an invention or new idea An idea which leads to a new product/process	(1)

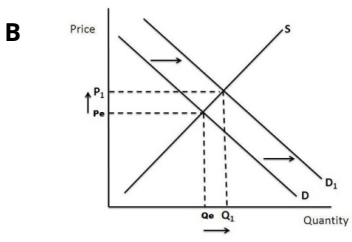


Question number	Answer	Mark
3(a)	AO1 1 mark	
	D Increasing technological advancements	(1)

Question number	Answer	Mark
3(b)	AO1 1 mark	
	D Education	(1)



Question number	Answer	Mark
1(a)	AO1 1 mark C Opportunity cost	(1)

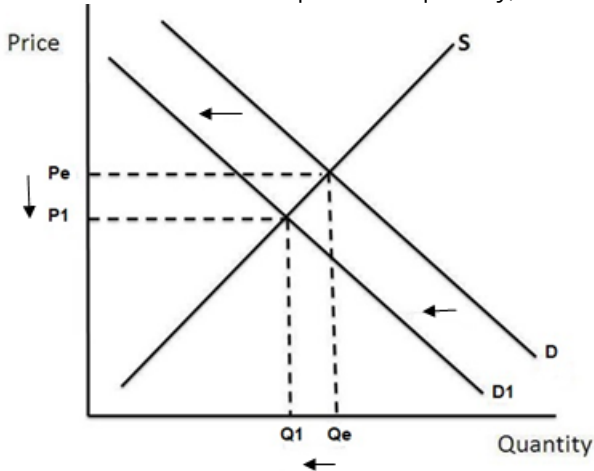
Question number	Answer	Mark
1(b)	AO2 1 mark 	(1)

Question number	Answer	Mark
1(c)	AO1 2 marks Award 1 mark for reference to a negative impact and 1 mark for reference to third party A negative effect (1) imposed on a third party (1) Accept any other appropriate response	(2)

Question number	Answer	Mark
1(d)	AO1 1 mark Award 1 mark for correct example Education/healthcare/vaccination Accept any other appropriate response	(1)

Question number	Answer	Mark
1(e)	AO1 1 mark Award 1 mark for a correct definition The desire for goods and services Accept any other appropriate response	(1)

Question number	Answer	Mark
1(f)	AO2 2 marks Award 1 mark for showing correct calculation $(3,600 + 3,200 + 3,100) - 9,000$ (1) Award 1 mark for correct excess demand $= 900$ (1) Award 2 marks if excess demand is correctly calculated, even if no calculations are shown Do not award marks for a formula	(2)

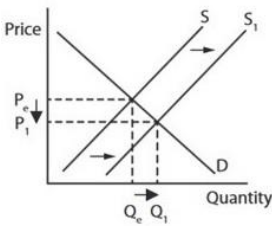
Question number	Answer	Mark
1(g)	AO2 3 marks Award 1 mark for leftward shift of demand, labelled Award 1 mark for lower equilibrium price, labelled Award 1 mark for lower equilibrium quantity, labelled 	(3)

Question number	Which one of the following could be described as an economic need? Answer	Mark
3(a)	A01 1 mark The only correct answer is: C Shelter A is not correct because this is an economic want B is not correct because this is a luxury D is not correct because this is not required to sustain life	(1)

Question number	Which one of the following is an example of an external benefit? Answer	Mark
3(b)	A01 1 mark The only correct answer is: A Education B is not correct because this is an external cost C is not correct because this is regarded as a disadvantage D is not correct because it has a negative impact on the future	(1)



Question number	Which one of the following is a definition of opportunity cost?	Mark
	Answer	
1(a)	AO1 1 mark The only correct answer is: C The next best alternative given up A is not correct because this is business competition B is not correct because this gives no alternative choice D is not correct because this is spare capacity	(1)

Question number	Which one of the following diagrams shows the likely effect on the market for cars after an increase in subsidies to car manufacturers?	Mark
	Answer	
1(b)	AO2 1 mark The only correct answer is A  B is not correct because this would be due to a change in price C is not correct because this is a decrease in supply D is not correct because this is a movement along the supply curve	(1)

Question number	What is meant by the term external benefit?	Mark
	Answer	
1(c)	AO1 2 marks Award up to 2 marks for a correct definition A positive effect (1) enjoyed by a third party (1) Accept any other appropriate response	(2)

Question number	Answer	Mark
2(d)	AO2 2 marks Award 1 mark for showing correct calculation \$12 000 + \$115 000 (1) Award 1 mark for correct total variable costs = \$127 000 (1) Award 2 marks if total variable costs are correctly calculated as \$127 000, even if no calculations are shown Award 1 mark if the answer given is 127 000 with or without calculations shown Do not award marks for a formula	(2)

Question number	Answer	Mark
2(e)	AO1 1 mark Award 1 mark for a correct definition Lowest legal amount paid to employees Accept any other appropriate response	(1)

Question number	Answer	Mark
2(f)	AO1 2 marks Award 1 mark for reference to the reason and 1 mark for development of the reason There are finite/limited resources (1) therefore demand for resources is greater than the supply of them (1) Accept any other appropriate response.	(2)

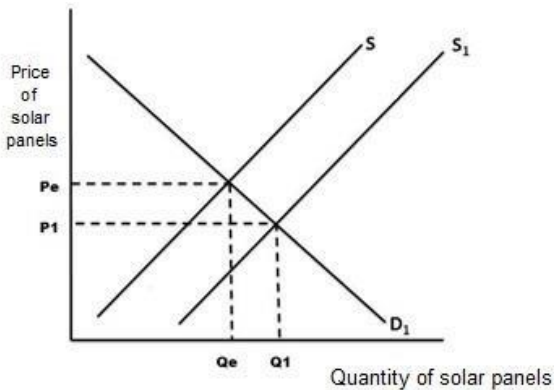
Question number	A firm employing 135 workers has a total output of 33,750 units each month. What is the monthly labour productivity of the firm?	Mark
	Answer	
2(a)	AO2 1 mark The only correct answer is: C 250 units A is not correct because labour productivity is measured in units B is not correct because this would be a multiplication instead of a division calculation and the wrong units are used D is not correct because this would be a multiplication instead of a division calculation	(1)

Question number	Which one of the following is a possible cause of positive economic growth?	Mark
	Answer	
2(b)	AO1 1 mark The only correct answer is: D Increasing technological advancements A is not correct because this would reduce demand for goods and services, therefore reducing economic growth B is not correct because this would be more likely to reduce economic growth C is not correct because increasing unemployment would lead to fewer resources being utilised	(1)

Question number	What is meant by the term opportunity cost?	Mark
	Answer	
2(c)	AO1 2 marks Award up to 2 marks for a correct definition The cost of the next best alternative (1) given up (when making a choice) (1) Accept any other appropriate response	(2)

Question number	Answer	Mark
1(h)	AO2 3 marks Award 1 mark for identifying an opportunity cost Award 1 mark for developing the opportunity cost Award 1 mark for the response being in context • The opportunity cost is a new school the government cannot build (1) it cannot build the school and the hospital (1) because it does not have the resources/money to fund both (1) Accept any other appropriate response	(3)

Question number	Answer	Mark
1(h)	AO2 3 marks Award 1 mark for identifying a relevant opportunity cost Award 1 mark for developing the opportunity cost Award 1 mark for the response being in context One opportunity cost is the firm may not be able to employ additional staff (1) it cannot buy the computer system and employ additional staff (1) because it does not have enough resources/money to fund both (1) Accept any other appropriate response.	(3)

Question number	Using the diagram below, draw the likely effects on the market for solar panels if the government removes an indirect tax on them. Label the new curve, the new equilibrium price and the new equilibrium quantity.	Mark
	Answer	
1(g)	AO2 3 marks Award 1 mark for a rightward shift of supply, labelled Award 1 mark for a lower equilibrium price, labelled Award 1 mark for a higher equilibrium quantity, labelled 	(3)

Question number	Explain one possible opportunity cost for Casper of this decision.	Mark
	Answer	
1(h)	AO2 3 marks Award 1 mark for identifying a relevant opportunity cost Award 1 mark for developing the opportunity cost Award 1 mark for the response being in context One opportunity cost is Casper may not be able to buy a new phone (1) because he does not have enough money for both (1) so he has to sacrifice the next best alternative when using the money he has to buy the television (1) Accept any other appropriate response	(3)

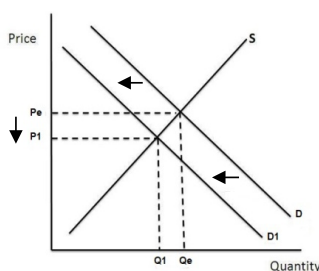
Question number	With reference to the data above and your knowledge of economics, analyse two possible factors influencing Anastasia's decision to open a second club.
	Indicative content
1(i)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 - Factors influencing the growth of firms include the desire to spread risk, to take over competitors, access to finance, economies of scale and government regulation - The martial arts club has been successful for a few years, meaning Anastasia may have access to finance - Therefore, she may have enough finance with which to open a second club in another district of Budapest - Although the club is successful in District 16, Anastasia may wish to spread the risk - In case demand changes at her existing club the revenue from the second club is able to support the running of the firm

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	- Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). - Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	- Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). - Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	- Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). - Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).



Question number	Explain one possible opportunity cost for the firm of this decision.	Mark
	Answer	
1(h)	AO2 3 marks Award 1 mark for identifying a relevant opportunity cost Award 1 mark for developing the opportunity cost Award 1 mark for the response being in context One opportunity cost is the firm may not be able to buy new machinery (1) because it does not have enough money to buy both (1) so it has to sacrifice the new machinery when buying the delivery vehicle (1) Accept any other appropriate response	(3)

Question number	Answer	Mark
1(a)	AO1 1 mark B Secondary	(1)

Question number	Answer	Mark
1(b)	AO2 1 mark C 	(1)

Question number	Answer	Mark
1(c)	AO1 2 marks Award 1 mark for reference to multiplying the price of each unit and 1 mark for reference to the number of units sold The amount of money a firm receives (1) from selling its output (1) Accept any other appropriate response	(2)

Question number	Answer	Mark
1(d)	AO1 1 mark Award 1 mark for correct cause Better technology/increased efficiency Accept any other appropriate response	(1)

Question Number	Which one of the following does a point on a production possibility curve (PPC) represent?	Mark
	Answer	
1(a)	AO1 1 mark The only correct answer is: D A given amount of resources being fully employed A is not correct because this cannot be determined on a PPC B is not correct because a PPC cannot show <i>how</i> production can increase C is not correct because a PPC does not show government revenue	(1)

Question Number	Which one of the following describes this economic assumption?	Mark
	Answer	
1(b)	AO2 1 mark The only correct answer is: A Businesses aim to maximise their profit B is not correct because there is no indication of any charitable work taking place C is not correct because consumer behaviour is not described D is not correct because it is not linked to government actions	(1)

Question Number	What is meant by the term economies of scale?	Mark
	Answer	
1(c)	AO1 2 marks Award 1 mark for reference to reduced average cost and 1 mark for reference to increased output Average costs of production fall (1) as the level of output rises (1) Accept any other appropriate response	(2)

Question number	Answer	Mark
2(a)	AO2 1 mark The only correct answer is: B X A is not correct because there will be no unemployed resources C is not correct because it is not achievable D is not correct because all resources will be fully employed	(1)

Question number	Answer	Mark
2(b)	AO1 1 mark The only correct answer is: C employee rights A is not correct because consumers are not members of the union B is not correct because this is not the responsibility of a trade union D is not correct because trade unions are independent of the government	(1)

Question number	Answer	Mark
2(c)	AO1 1 mark Award 1 mark for a correct reason • Size of market • Nature of market (niche) • Lack of finance • Aims of the entrepreneur Accept any other appropriate response	(1)

Question number	Which one of the following might have caused the movement from PPF ₁ to PPF ₂ in Figure 1 above? Answer	Mark
1(a)	AO2 1 mark The only correct answer is: B Positive economic growth A is not correct because this would shift the PPF inwards C is not correct because it does not show long-run average costs increasing with a rise in output D is not correct because it does not show long-run average costs decreasing with a rise in output	(1)

Question number	A firm has total costs of \$10 000 and sells each item at a price of \$100. It sells 200 items. What is the profit or loss for the firm? Answer	Mark
1(b)	AO2 1 mark The only correct answer is: B \$10 000 profit A is not correct because total costs have not been deducted C is not correct because a profit would be made and not a loss D is not correct because this is \$10 000 - \$20 000	(1)

Question number	What is meant by the term privatisation? Answer	Mark
1(c)	AO1 2 marks Award 1 mark for reference to moving from the public sector and 1 mark for reference to transfer of ownership to the private sector The government sells/transfers an organisation (in the public sector) (1) to the private sector (1) Accept any other appropriate response	(2)

Question number	Which one of the following options shows unobtainable production?	Mark
	Answer	
2(a)	AO2 1 mark The only correct answer is: C Y A is not correct because production is possible using all resources B is not correct because some resources are unemployed D is not correct because all resources will be fully employed	(1)

Question number	Which one of the following is a factor that may affect the supply of labour?	Mark
	Answer	
2(b)	AO1 1 mark The only correct answer is: A Age distribution of population B is not correct because the supply of labour is not affected by economies of scale C is not correct because this may affect the demand for labour D is not correct because these will not cause changes in the supply of labour	(1)

Question number	Which one of the following can represent a point on a production possibility curve (PPC)?	Mark
	Answer	
1(a)	AO1 1 mark The only correct answer is: D Production which is obtainable A is not correct because this cannot be determined on a PPC B is not correct because a PPC cannot show how production can be increased C is not correct because a PPC does not show revenue	(1)

Question number	Which one of the following describes why the firm might do this?	Mark
	Answer	
1(b)	AO2 1 mark The only correct answer is: B Producers may complete charitable work A is not correct because producers would not make a profit C is not correct because it is not linked to consumer actions D is not correct because consumer behaviour is not described	(1)

Question number	What is meant by the term economies of scale?	Mark
	Answer	
1(c)	AO1 2 marks Award up to 2 marks for a correct definition Average costs of production fall (1) as the firm increases in size (1) Accept any other appropriate response	(2)

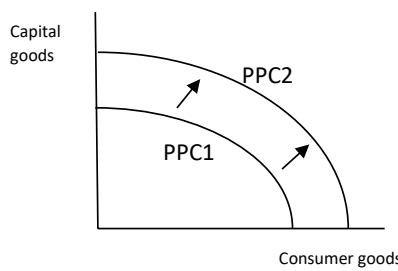
Question number	Answer	Mark
4(a)	AO2 2 marks Award 1 mark for showing correct calculation 160 - 130 (1) Award 1 mark for calculating correct opportunity cost = 30 units of consumer goods (1) Award 2 marks if opportunity cost is correctly calculated as 30 units of consumer goods, even if no calculations are shown Award 1 mark if opportunity cost is calculated as 30, even if no calculations are shown Do not award marks for a formula	(2)

Question number	Indicative content
4(b)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • Diseconomies of scale occur when a firm becomes too big and average costs rise • Types of diseconomies of scale are communication problems, bureaucracy, lack of control and the distance between managers and workers at the bottom of the organisation • As Ben's employer has grown over the last two years, it may have become more bureaucratic • As it takes a long time for decisions to be made and tasks to be completed, unit costs are likely to increase due to inefficiency of the London-based firm • Due to the increase in the number of employees, communication between employees like Ben and management may be more difficult • Ben feels his ideas are not listened to and is thinking about leaving the firm because he is frustrated. This would impose a cost on the firm which could lead to an increase in average costs, meaning it is experiencing diseconomies of scale

Question number	When the current level of output is 250 units of consumer goods, calculate the opportunity cost of producing an additional 40 units of consumer goods. You are advised to show your working. Answer	Mark
4(a)	A02 2 marks Award 1 mark for showing correct calculation 500 - 400 (1) Award 1 mark for calculating correct opportunity cost = 100 units of capital goods (1) Award 2 marks if opportunity cost is correctly calculated as 100 units of capital goods, even if no calculations are shown Award 1 mark if the answer given is 100, even if no calculations are shown Do not award marks for a formula	(2)

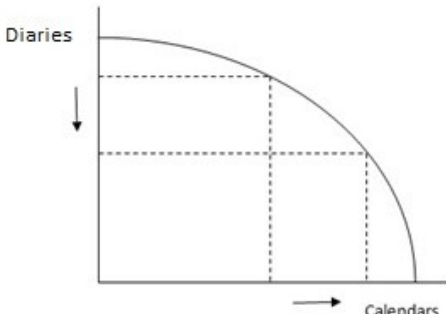
Question number	Answer	Mark
3(a)	AO1 1 mark B Skilled labour	(1)

Question number	Answer	Mark
3(b)	AO1 1 mark C Large firms dominate the market	(1)

Question number	Answer	Mark
3(c)	AO2 3 marks Award 1 mark for correctly labelling the axes Award 1 mark for drawing PPC1 closer to the axes than PPC2 Award 1 mark for drawing PPC2 showing positive economic growth from PPC1 	(3)

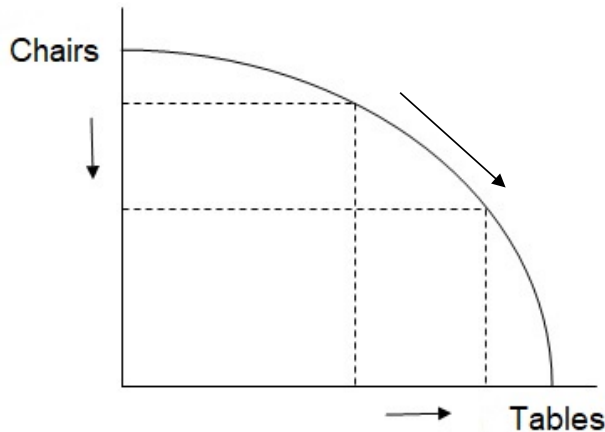
Question number	Answer	Mark
3(a)	A01 1 mark A Increased indirect taxes	(1)

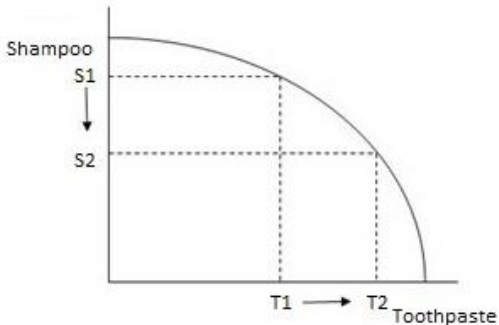
Question number	Answer	Mark
3(b)	A01 1 mark C Luxury	(1)

Question number	Answer	Mark
3(c)	A02 3 marks Award 1 mark for drawing a production possibility frontier (PPF) with correctly labelled axes Award 1 mark for showing a decrease in diaries on the PPF Award 1 mark for showing an increase in calendars on the PPF 	(3)

Question number	Answer	Mark
3(a)	AO1 1 mark The only correct answer is: B government intervention A is not correct because a pollution permit is not a resource used to produce goods and services C is not correct because a pollution permit does not have reduced average costs due to expansion D is not correct because these are things expected to be true although there is no definite proof	(1)

Question number	Answer	Mark
3(b)	AO1 1 mark The only correct answer is: A Increase in the use of fertiliser B is not correct because this would lead to a decrease in productivity C is not correct because this is not related to the productivity D is not correct because this would lead to a decrease in productivity	(1)

Question number	Answer	Mark
3(c)	AO2 3 marks Award 1 mark for drawing a production possibility frontier (PPF) with correctly labelled axes (1) Award 1 mark for showing a decrease in chairs on the PPF (1) Award 1 mark for showing an increase in tables on the PPF (1) 	(3)

Question number	In the box below, draw a production possibility curve (PPC) for a firm that can produce shampoo and/or toothpaste. On your PPC, draw and label what would happen if production of toothpaste was increased.	Mark
	Answer	
3(c)	AO2 3 marks Award 1 mark for drawing a production possibility curve (PPC) with correctly labelled axes Award 1 mark for showing a decrease in shampoo on the PPC Award 1 mark for showing an increase in toothpaste on the PPC 	(3)



Question number	With reference to the data above and your knowledge of economics, analyse the likely impact of an increase in the national minimum wage on the supply of labour in Barbados.
	Indicative content
3(d)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • The minimum wage in Barbados increased by \$2.25 (36%) per hour • This means that a higher income is received by people who may have struggled with basic needs if the national minimum wage was left at \$6.25/hour • A 36% increase could be quite a substantial increase in the wages earned for some people in Barbados • Therefore, more workers would be encouraged to work because they can enjoy a higher standard of living • Thus, there is likely to be an increase in the quantity of labour supplied

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question number	Indicative content
3(e)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • The PPF shows the combinations of goods which can be produced with all available resources • An increase in the ability to produce both capital and consumer goods is shown in figure 3 due to the outward shift of the PPF • Economic growth would allow this to happen as there is likely to be an increase in economic resources and improvements in technology over time • With the increase in resources and efficiency, it would be possible to increase production of both capital and consumer goods without the sacrifice of the other

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).



Question number	Indicative content
3(d)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • The PPF shows the combinations of goods which can be produced with all available resources • An increase in the ability to produce both capital and consumer goods is shown due to the outward shift of the PPF • Economic growth would allow this to happen as there is likely to be an increase in economic resources and improvements in technology over time • With the increase in resources and efficiency, it would be possible to increase production of both capital and consumer goods without the sacrifice of the other • This means that more agricultural goods and copper could be produced and more construction could take place, without the need to shift resources to alternative production

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Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question number	With reference to the data above and your knowledge of economics, analyse the impact on the economy after a movement from A to B on the production possibility curve (PPC).
	Indicative content
1(i)	A02 (3 marks)/A03 (3 marks) A02 and A03 • A PPC shows the combination of goods that can be produced with all available resources • The maximum productive potential of the economy can be seen at point A on the PPC, where if 350 million units of capital goods are produced, 160 million units of consumer goods can be produced • If the number of capital goods produced increases to 450 million units it is not possible to continue to produce 160 million units of consumer goods • The number of consumer goods produced must fall by 30 million units, to 130 million units. This is shown at point B. (There is an opportunity cost) • As the number of capital goods produced increases, there will be an increase in the productive capacity of the economy • Because the economy can now produce more, the PPC will shift outwards allowing an increase in the number of capital goods and consumer goods to be produced in the future • An outward shift of the PPC indicates positive economic growth of the economy

Level	Mark	Descriptor
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Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question number	With reference to the data above and your knowledge of economics, analyse why the economy might have moved from PPF ₁ to PPF ₂ . Indicative content
3(d)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • The PPF shows the combinations of goods which can be produced with all available resources • A decrease in the ability to produce both capital and consumer goods is shown in Figure 4 due to the inward shift of the PPF • Negative economic growth would allow this to happen as it is possible there will have been a depletion of resources over time/a scarcity of resources (where an economy runs out of oil or coal) • It could also occur if skilled workers are attracted to opportunities in other countries • With the decrease in resources and/or emigration of skilled labour, it would be possible for production of both capital and consumer goods to decrease without an increase in the other

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).



Question number	With reference to the data above and your knowledge of economics, assess whether WarnerMedia merging with Discovery is likely to benefit from economies of scale. Indicative content
3(e)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 • Economies of scale are falling average costs (in the long-run) due to expansion • Diseconomies of scale are rising average costs (in the long-run) because a firm grows too large • The combined number of subscribers will be 59 million, meaning that the unit costs are reduced because costs are spread over a larger number of customers • By bringing together technology from both WarnerMedia and Discovery, broadcasting would be more efficient • This means that Warner Bros. Discovery would be making better use of resources, leading to lower (long-term) average costs (technical economies) • Managerial economies may be present as specialist managers of the numerous channels, such as CNN news channel, could oversee the whole network, rather than having separate people in charge of each one • (Long-run) average costs could also be reduced as Warner Bros. Discovery could be advertised as one, therefore spreading the marketing costs and allowing marketing economies to take place • As the company is so large, with a value of \$150bn, financial economies are likely because it would be able to get access to money at lower interest rates than a smaller firm AO4 • However, some employees may be unhappy as a result of the merger, meaning they may not work as efficiently and diseconomies of scale may occur • Some employees may even leave if they are not able to adapt to any changes brought about due to the merger. This is likely to increase (long-run) average costs if Warner Bros. Discovery needs to recruit new employees • Communication problems and a lack of control may be caused by having such a large firm trying to integrate resources. As the broadcaster relies on technology being used effectively, this may lead to diseconomies of scale • The media company may have already reached the most efficient output and the lowest point on the (long-run) average cost curve • It will take time for the technology to be successfully implemented and so economies of scale may not occur for several years