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EDEXCEL INTERNATIONAL GCSE ECONOMICS: QUESTIONS BY TOPIC

Demand, supply and market equilibrium (1.1.3)

International GCSE Economics · Paper 1: Microeconomics and Business Economics

65 questions · 166 marks · Mark schemes included

Past papers June 2019 - June 2025 · 3 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. Q1(e)	IGCSE Paper 1R June 2019	1	6
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QUESTIONS

65 questions · 166 marks · 3 sub-topics

SUB-TOPIC 1.1.3 (a-c)

DEMAND

Sub-topic 1.1.3 (a-c) · 27 questions · 65 marks · lowest tariff first



- (c) Calculate the price elasticity of demand for a product when price increases by 15% and quantity demanded falls by 12%. You are advised to show your working.

(2)

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- (d) Define the term innovation.

(1)

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- (e) State **one** factor that will cause a demand curve to shift to the left.

(1)

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Beating the congestion in Dhaka

Nearly 17 million people live in Dhaka, the capital of Bangladesh. The majority of people live in the city centre and traffic congestion is a problem. However, there are many auto rickshaws (a small, three-wheeled vehicle, driven by a motorcycle engine) competing in the city centre to take passengers to their destinations. Fares tend to be cheaper in the city centre than they are outside the city centre and are usually agreed between passengers and drivers.

Dhaka has a large number of auto rickshaws competing for fares.

- (f) Apart from price, describe **one** advantage for passengers of this competition.

(2)

- (g) With reference to the information given in '**Beating the congestion in Dhaka**', explain **one** reason why prices for journeys using an auto rickshaw might be higher outside the city centre.

(3)



(d) State **one** factor that would affect price elasticity of supply (PES).

(1)

(e) Define the term substitute good.

(1)

Small but successful

Robert has been running a small business from a workshop in his own house for nine years. He has been carving door signs and gifts out of locally sourced wood. Rather than producing identical, standard items, he decided to only make products to meet the personal requirements of his customers. Each order is made specifically for them and reviews are very positive. Robert's success is due to a growing trend across the country as consumers increasingly prefer to buy locally sourced products.

(f) Calculate the price elasticity of supply for Robert's wooden door signs when the price increases by 5.2% and quantity supplied increases by 3.9%. You are advised to show your working.

(2)



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?

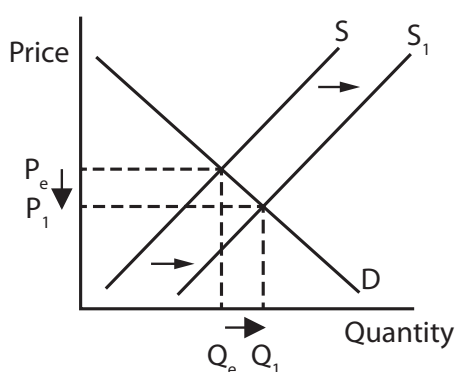
(1)

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

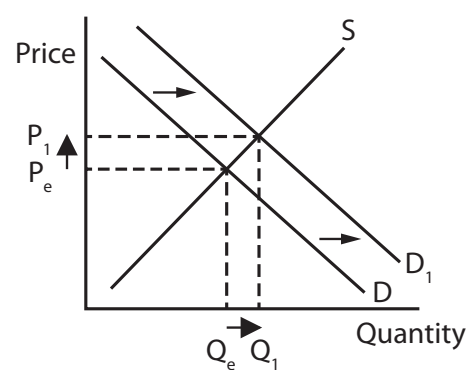
- (b) Which **one** of the following options shows the effects on the market for motorcycle helmets after a fall in the price of motorcycles?

(1)

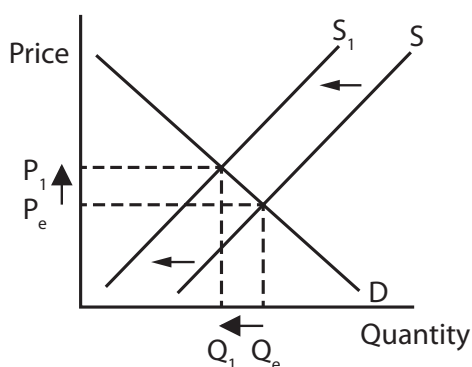
☒ A



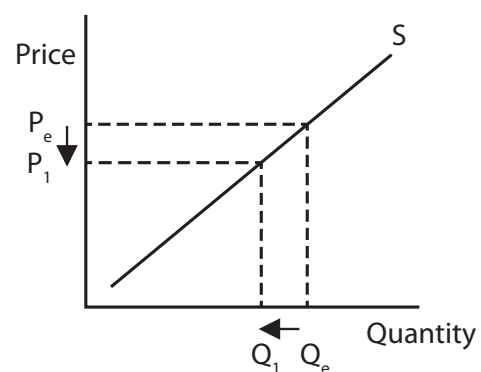
☒ B



☒ C



☒ D



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) Car production is most likely to take place in which sector of the economy?

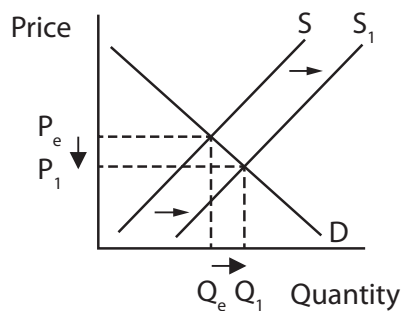
(1)

- ☒ A Primary
☒ B Secondary
☒ C Tertiary
☒ D Mixed

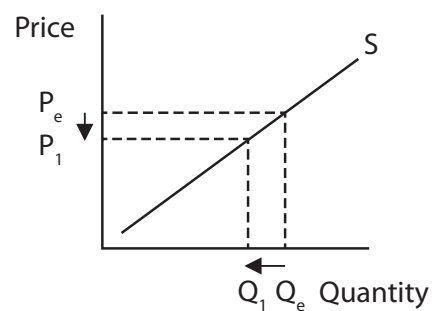
- (b) Which **one** of the following diagrams shows the new equilibrium price and quantity for lemon ice cream in Thailand following a price reduction in chocolate ice cream?

(1)

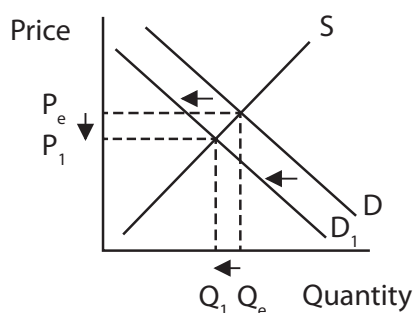
☒ A



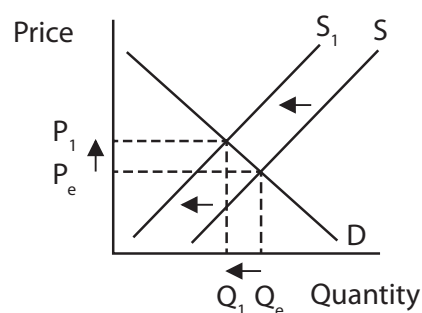
☒ B



☒ C



☒ D



3 (a) Which **one** of the following factors may cause a shift of the demand curve?

(1)

- ☐ **A** Costs of production
- ☐ **B** Demographic changes
- ☐ **C** Subsidies
- ☐ **D** Changes in price

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

(1)

- ☐ **A** Healthcare
- ☐ **B** Litter
- ☐ **C** Rent
- ☐ **D** Weather

(c) On the blank pie chart below, draw and label the appropriate sizes of the primary (P), secondary (S) and tertiary (T) sectors for a developing economy such as Haiti.

(3)

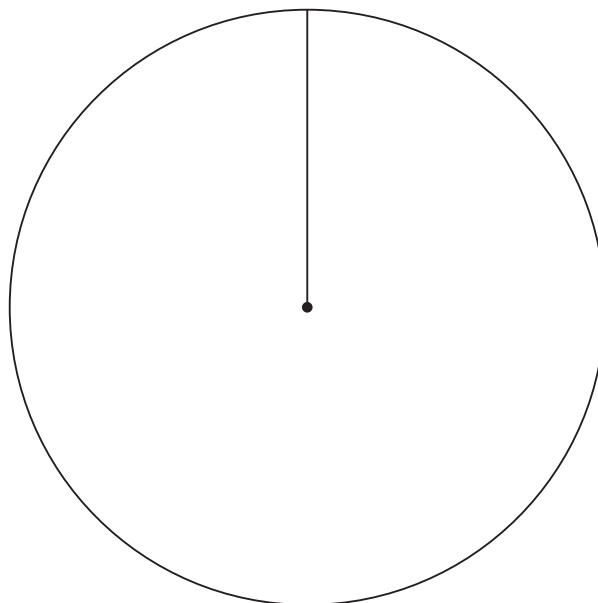


Figure 3

(d) State **one** reason why a demand curve will shift to the left.

(1)

(e) Define the term production.

(1)

Inny provides a window cleaning service to homeowners in his local area. He recently increased prices by 1.6% and quantity demanded fell by 2.1%.

(f) Calculate, to two decimal places, the **price elasticity of demand (PED)** for Inny's window cleaning service. You are advised to show your working.

(2)



(e) Define the term substitute.

(1)

(f) Describe **one** reason why a firm might stay small.

(2)

There are many market stalls selling food in Taba, Egypt. Some of these stalls have received positive reviews on social media about the quality of the food they sell.

(g) Explain **one** advantage of positive reviews for the owners of food stalls in Taba.

(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) A trade union is an organisation that aims to improve

(1)

- ☒ **A** profit margins
- ☒ **B** tax revenue
- ☒ **C** the environment
- ☒ **D** working conditions

- (b) Figure 1 below shows a change in demand for tickets to a sporting event.

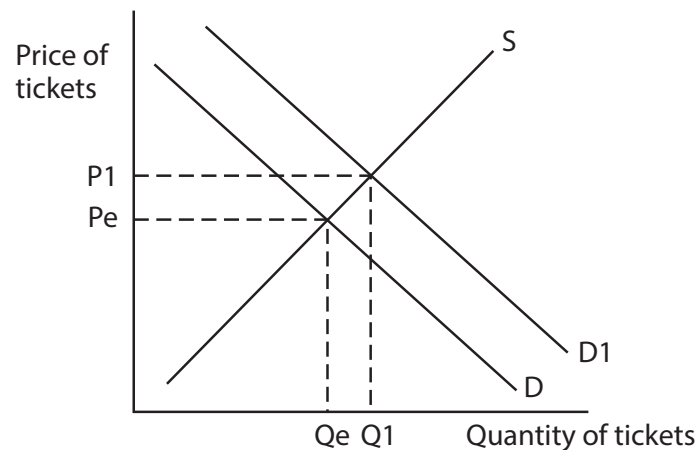


Figure 1

Which **one** of the following statements is true?

(1)

- ☒ **A** When the price falls, the quantity demanded falls
- ☒ **B** The demand curve slopes upwards from left to right
- ☒ **C** An increase in demand is shown by a shift to the right
- ☒ **D** A decrease in demand is shown by a shift to the right

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)

3 (a) Which **one** of the following could cause a shift in the demand curve for a product?

(1)

- ☐ A Costs of production
- ☐ B Quantity of the product available
- ☐ C Price of substitute goods
- ☐ D Subsidies

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

(1)

- ☐ A Litter
- ☐ B Rent
- ☐ C Indirect tax
- ☐ D Vaccinations

(c) On the blank pie chart below, draw and label the appropriate sizes of the primary (P), secondary (S) and tertiary (T) sectors for a developing country such as Nepal.

(3)

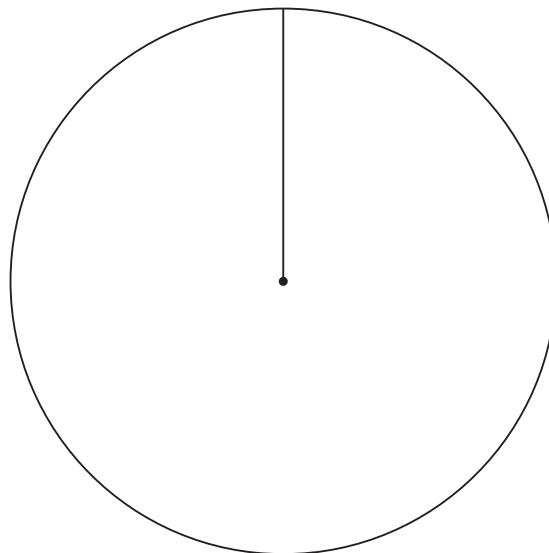


Figure 4

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 factor of production?

(1)

- ☐ **A** Land
- ☐ **B** Profit
- ☐ **C** Wages
- ☐ **D** Manufacturing

- (b) A firm has total fixed costs of \$40 000 per month and variable costs of \$150 per unit. If it produces 1,000 units, what are the total costs per month for the firm?

(1)

- ☐ **A** \$190 000
- ☐ **B** \$150 000
- ☐ **C** \$41 150
- ☐ **D** \$40 150

- (c) What is meant by the term demand?

(2)

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Figure 4 shows some of the production costs in November for a firm manufacturing rugs and carpets in Pakistan.

Production costs	Pakistani Rupee (Rs)
Rent	40 250
Raw materials	20 050
Advertising	10 125
Labour (paid in direct proportion to output)	210 000

Figure 4

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

(2)

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- (d) What is meant by the term demand?

(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)

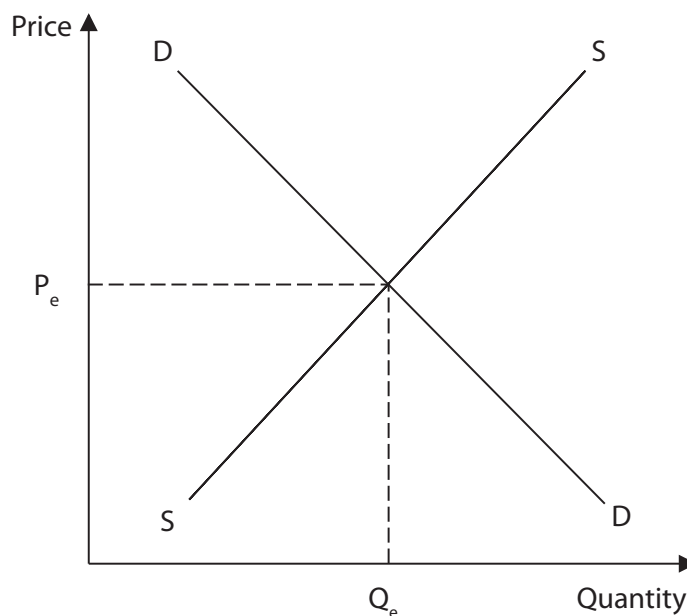


Figure 1

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 likely effects on the market for bread after a decrease in the population. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

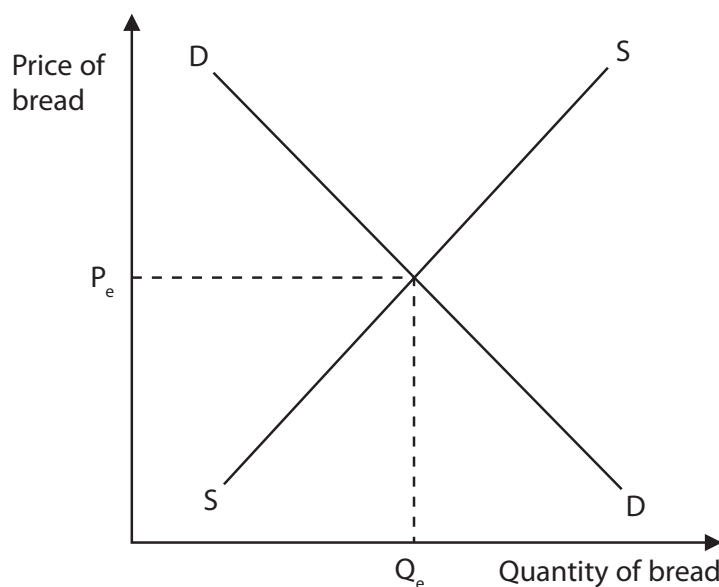


Figure 2

The music entertainment industry is dominated by a few main firms. These are BMG, EMI Group, Sony, Universal Music Group and Warner.

- (h) Explain **one** possible barrier to entry a new firm might face when trying to enter this industry.

(3)

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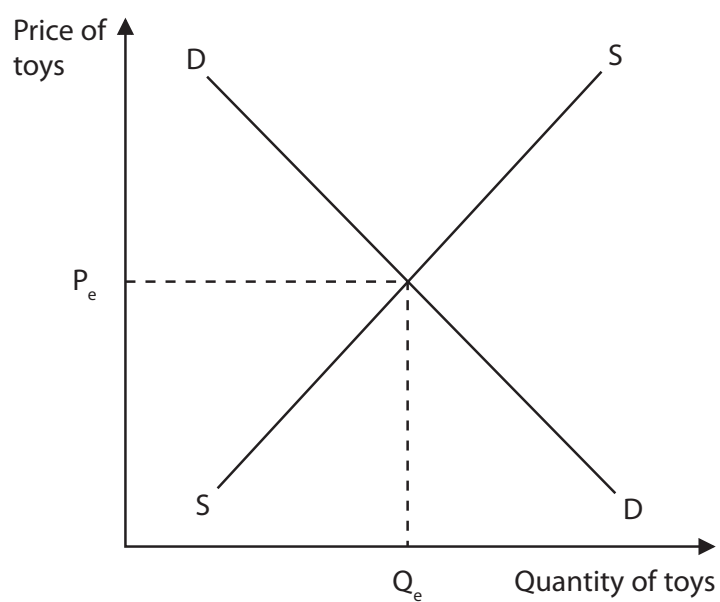
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- (g) Using the diagram below, draw the likely effects of an increase in the birth rate on the market for toys. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

**Figure 2**

- (g) Using the diagram below, draw the likely effects on the market for apples following a decrease in the price of bananas. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

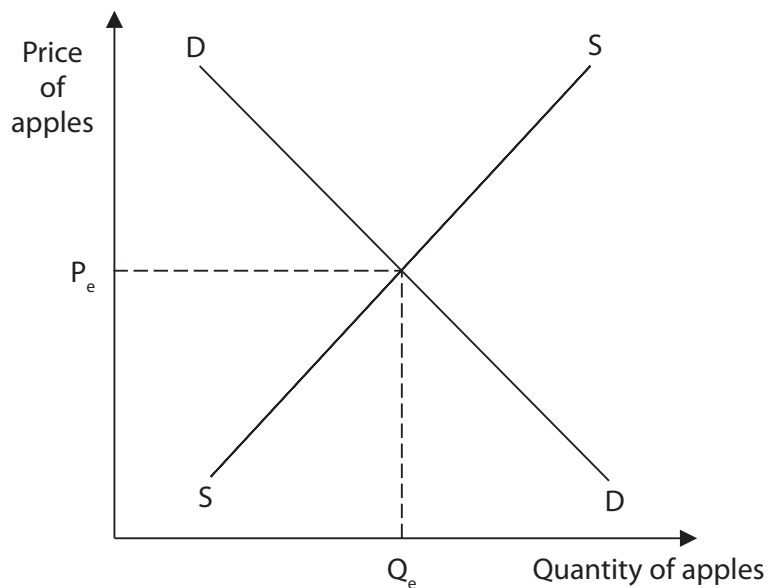


Figure 1

Warehouse employees at a small firm in Malta specialise in one task, such as sealing boxes, for orders that are sent to consumers.

- (h) Explain **one** disadvantage of the division of labour for the warehouse employees.

(3)

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Figure 3 shows the demand for cocoa beans during 2019.

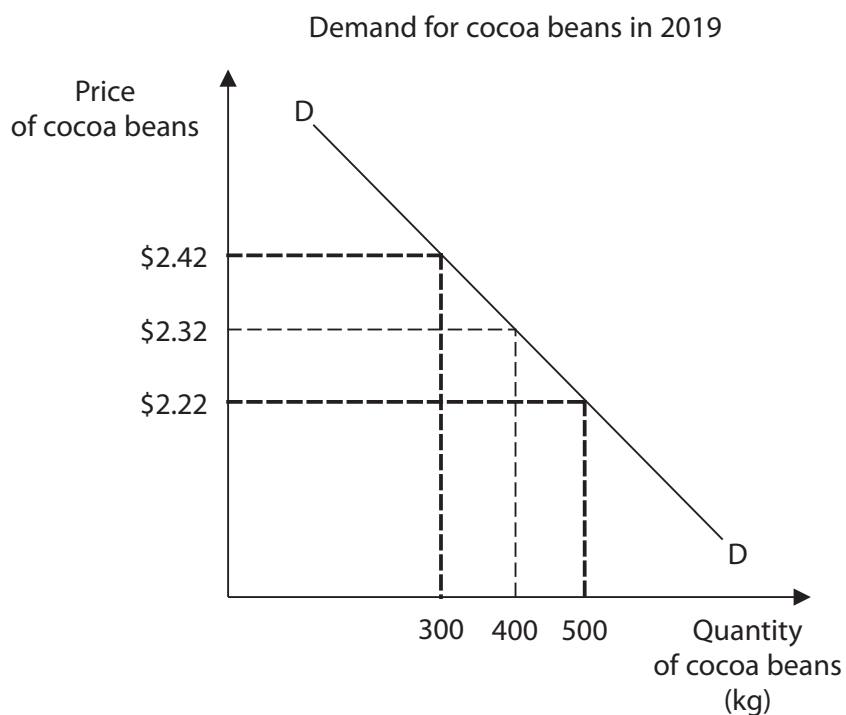


Figure 3

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

(3)

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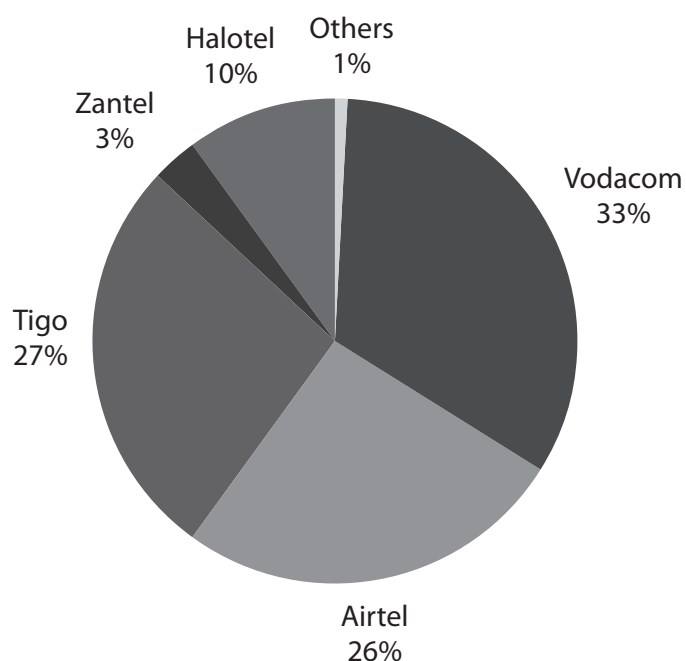
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Market share of telecom subscriptions in Tanzania (June 2019)



(Source adapted from: <https://www.tanzaniainvest.com/telecoms/tanzania-add-50000-mobile-subscriptions-in-6-months>)

Figure 4

In November 2019, two Tanzanian telecoms firms, Zantel and Tigo, merged. Smart Telecoms, a small firm with a declining market share, stopped trading. A spokesperson said that Smart Telecoms could no longer compete with the increasing dominance of larger firms in the market.

- (h) With reference to the data above and your knowledge of economics, assess whether the oligopoly in the Tanzanian telecoms market is likely to benefit consumers.

(9)

Figure 1 shows the market for trainers.

- (g) Using the diagram below, draw the likely effects on the market after a popular celebrity was seen wearing trainers. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

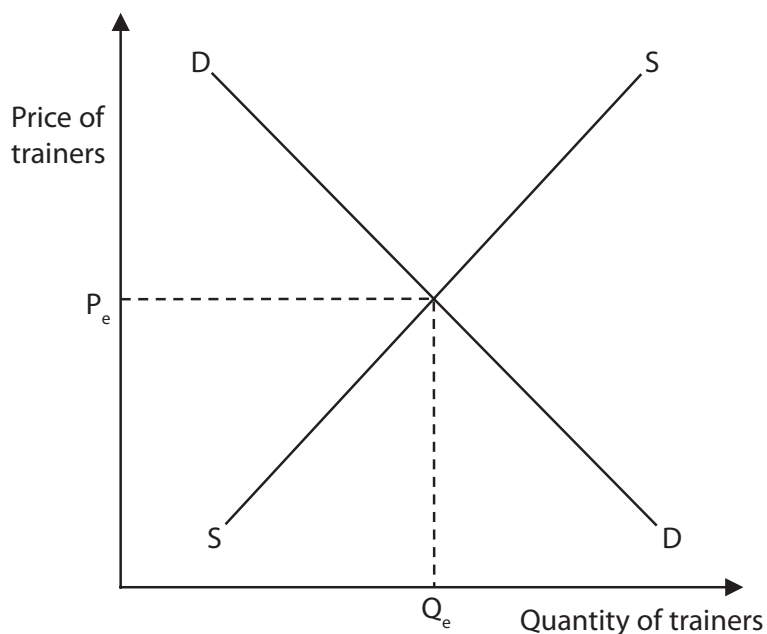


Figure 1

Spice Cottage is a new food producing business. Its prices are lower than market research suggests consumers would be willing to pay.

- (h) Explain **one** reason why Spice Cottage may not aim to maximise its profit.

(3)

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- (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)

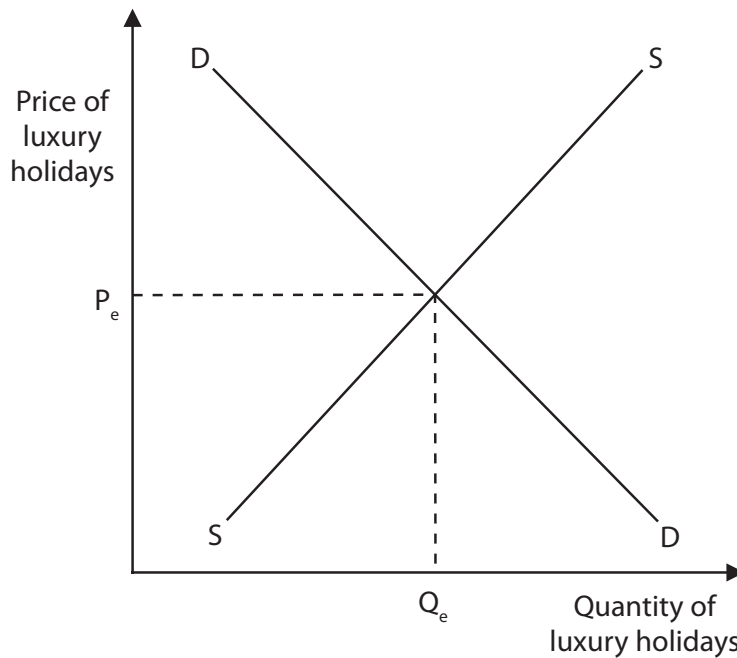


Figure 1

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 3 shows the market for apples.

- (g) Using the diagram below, draw the likely effects on the market for apples following an increase in the advertising of apples. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

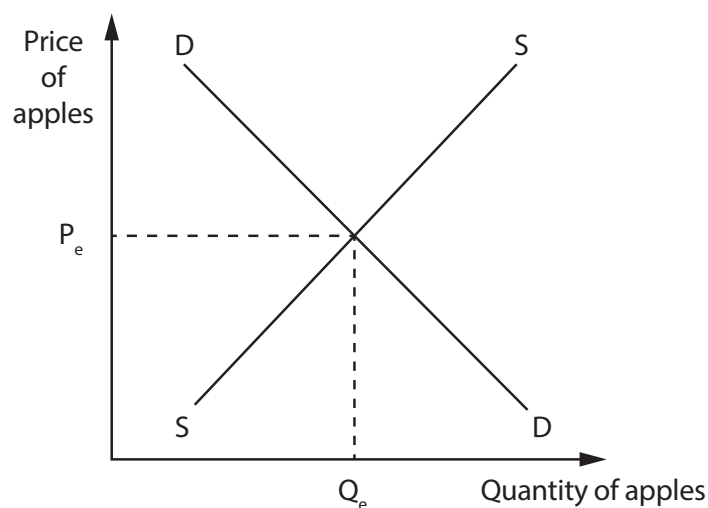


Figure 3

A firm produces tennis balls. There are a number of stages in the process of producing tennis balls. The firm uses division of labour in its factory.

- (h) Explain **one** advantage of using division of labour for the firm.

(3)

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(e) Define the term substitute.

(1)

(f) Describe **one** reason why a firm might stay small.

(2)

There are many market stalls selling food in Taba, Egypt. Some of these stalls have received positive reviews on social media about the quality of the food they sell.

(g) Explain **one** advantage of positive reviews for the owners of food stalls in Taba.

(3)



Figure 1 shows the market for mangoes.

- (g) Using the diagram below, draw the likely effects on the market for mangoes after a study shows that eating them leads to an improvement in health. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

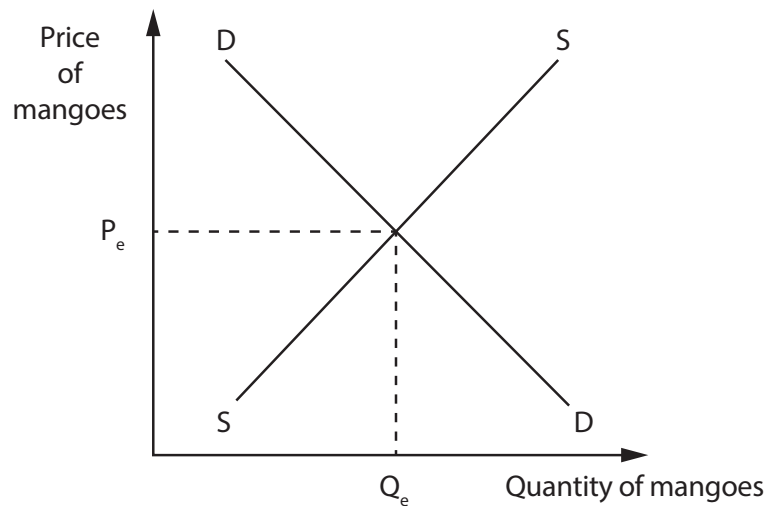


Figure 1

Christine runs a small cafe in New Zealand. She has many regular customers and has a reputation for serving large-sized meals, even though it means she makes less profit on each meal.

- (h) Explain **one** possible reason why Christine serves large-sized meals.

(3)

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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)

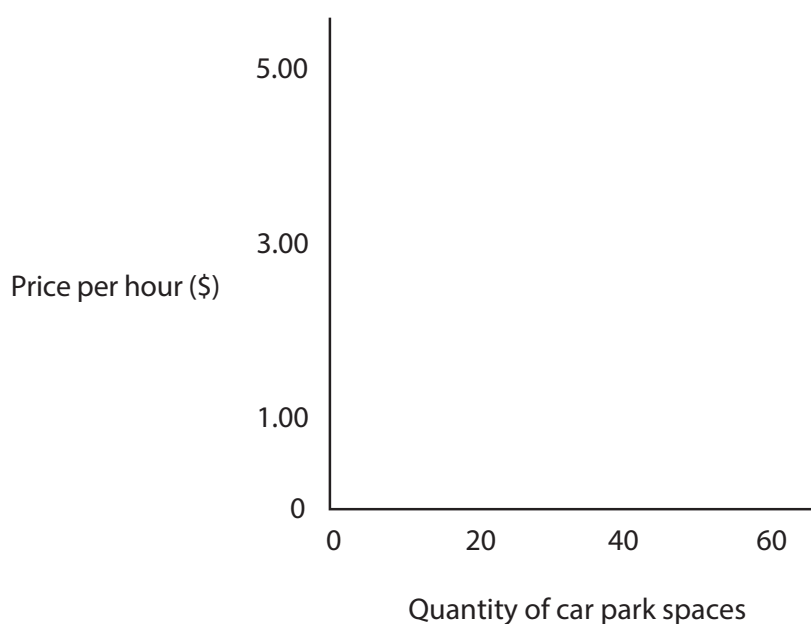


Figure 1 shows the market for tennis balls.

- (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)

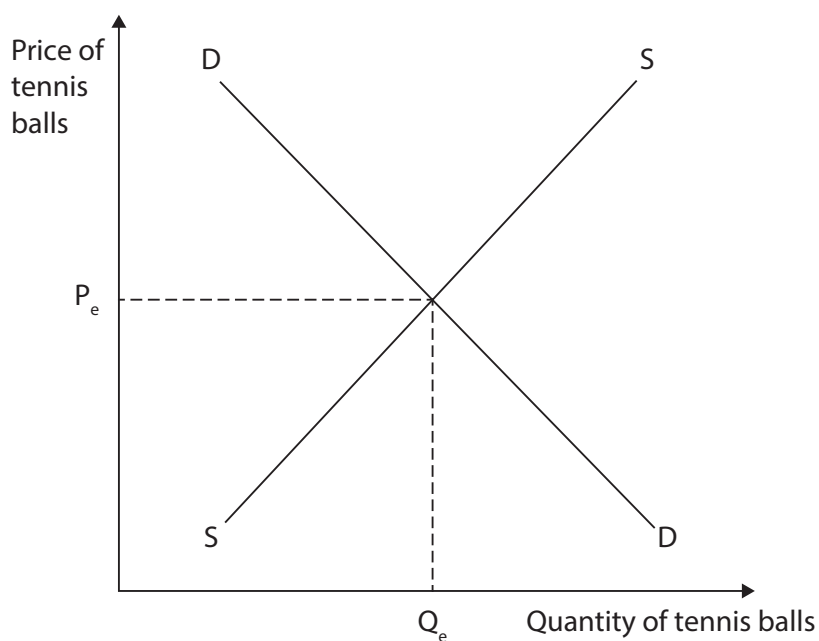


Figure 1

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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- (f) Calculate, to two decimal places, the **price elasticity of supply (PES)** for a good if price decreases by 9.4% and quantity supplied decreases by 3.7%. You are advised to show your working.

(2)

Figure 1 shows the market for rice.

- (g) Using the diagram below, draw the likely effect of an increase in the population on the market for rice. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

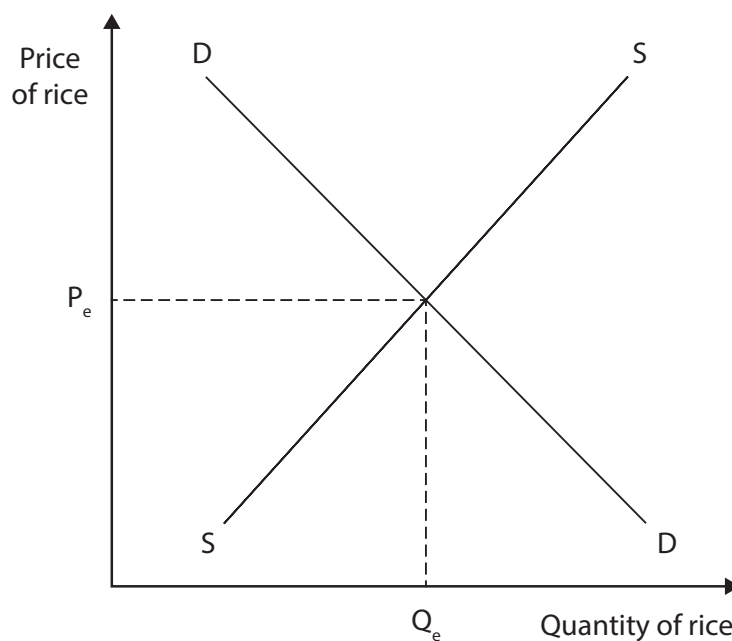


Figure 1



3 (a) Which **one** of the following is likely to lead to an inefficient allocation of resources? (1)

- ☐ A Migration
- ☐ B Competition
- ☐ C Lack of information
- ☐ D Division of labour

(b) Which **one** of the following is an example of an occupation in the tertiary sector? (1)

- ☐ A Sheep farmer
- ☐ B Factory worker
- ☐ C Coal miner
- ☐ D Sales assistant

(c) Using the diagram below, draw the effects of a minimum wage (W_1) that has been set above the equilibrium wage (W_e). Label the new quantity of labour demanded and the new quantity of labour supplied. (3)

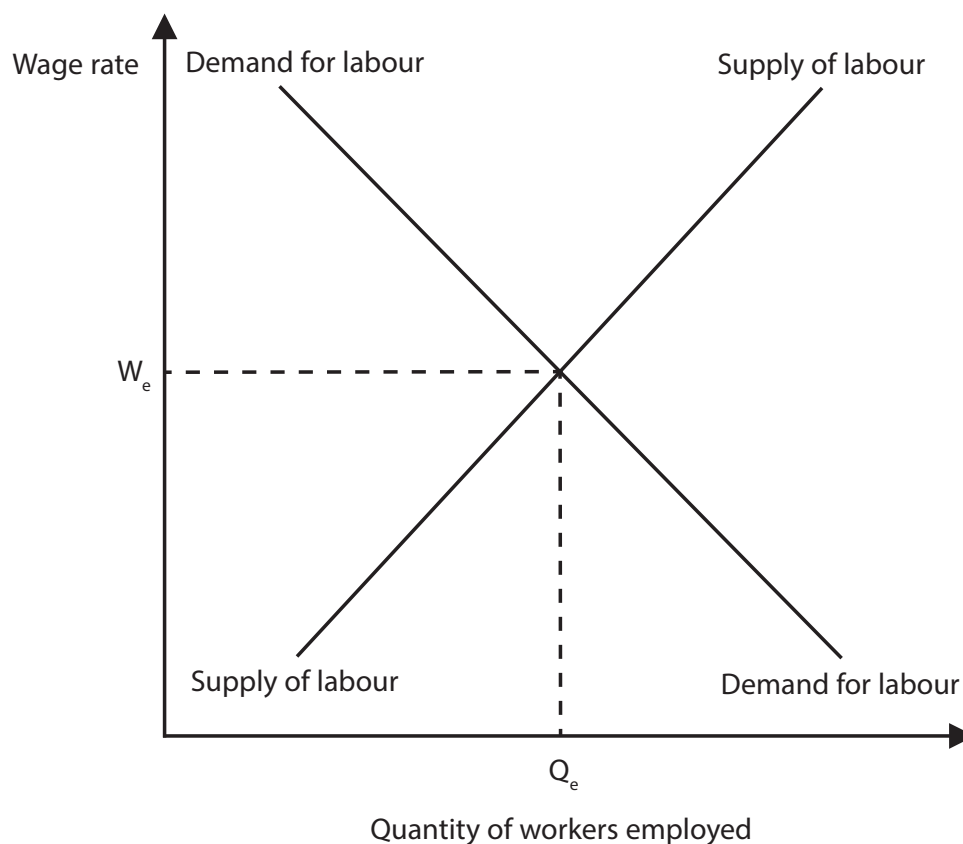


Figure 3



(6)

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3 (a) A free rider can be defined as an individual who does which **one** of the following? (1)

- ☐ A Enjoys the benefit of a good after paying for it
- ☐ B Enjoys the benefit of a good but does not pay for it
- ☐ C Gives a good away after paying for it
- ☐ D Neither uses a good nor pays for it

(b) Which **one** of the following is an example of an occupation in the tertiary sector? (1)

- ☐ A House builder
- ☐ B Cattle farmer
- ☐ C Hotel receptionist
- ☐ D Forestry worker

(c) Using the diagram below, draw the effect of a minimum wage (W_1) that has been set above the equilibrium wage (W_e). Label the new quantity of labour demanded and the new quantity of labour supplied. (3)

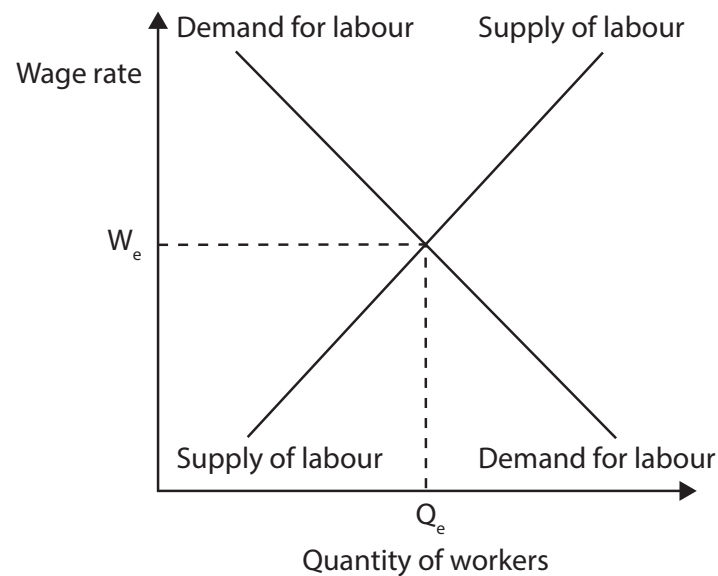


Figure 3

(6)

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Sri Lanka Railways (SLR) has made a loss of Rs 331bn over the last 10 years. The Sri Lankan Government provides a subsidy so that ticket prices can be reduced. This is to encourage passengers to use trains rather than further increase congestion on the roads.

A spokesperson for SLR said that it needs to upgrade existing railway tracks to make services more comfortable for passengers as well as increase the number of trains to reduce overcrowding. This will require a larger subsidy.

- (e) With reference to the data above and your knowledge of economics, assess the effectiveness of subsidies in dealing with externalities, such as road congestion.

(9)

[illegible]

SUB-TOPIC 1.1.3 (d-f)

SUPPLY

Sub-topic 1.1.3 (d-f) · 17 questions · 44 marks · lowest tariff first





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



- 2 (a) Which **one** of the following would occur when there are unsold goods in a market?

(1)

- ☐ **A** Excess demand
- ☐ **B** Excess supply
- ☐ **C** Higher prices
- ☐ **D** Increased productivity

- (b) Which **one** of the following statements is correct?

(1)

- ☐ **A** The supply curve is always vertical
- ☐ **B** Supply and price are not related
- ☐ **C** Quantity supplied will fall when price falls
- ☐ **D** An increase in price will shift the supply curve

- (c) State the name for price elasticity of demand (PED) with a numerical value of -1 .

(1)

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A factory producing shoes calculated that quantity supplied decreased by 2.7% following a price decrease of 1.9%.

- (d) Calculate, to two decimal places, the **price elasticity of supply (PES)** for shoes. You are advised to show your working.

(2)

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1 (d) State **one** reason why a supply curve will shift to the left.

(1)

(e) Define the term competition.

(1)

A firm sells its products at a price of €75 per unit and has a cost per unit of €35.

(f) Calculate the **total revenue** for the firm when its monthly sales are 250 units.
You are advised to show your working.

(2)



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?

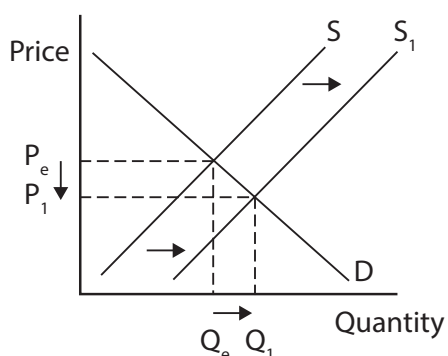
(1)

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

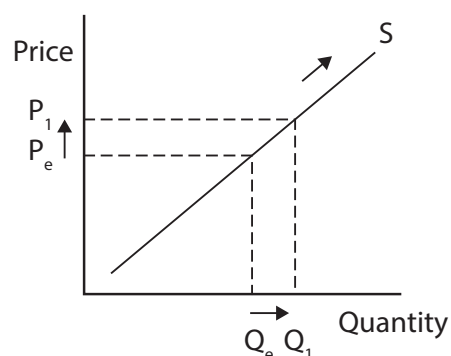
- (b) Which **one** of the following diagrams shows the likely effect on the market for cars after an increase in subsidies to car manufacturers?

(1)

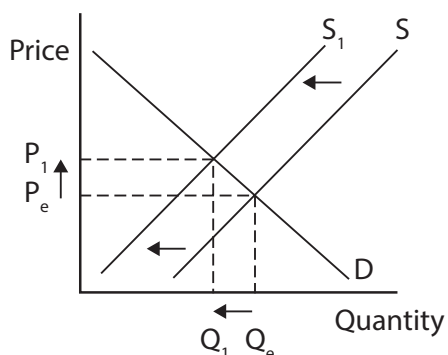
☒ **A**



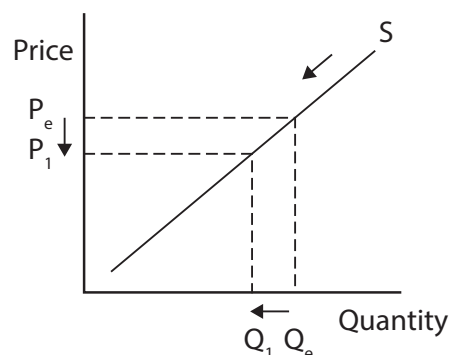
☒ **B**



☒ **C**



☒ **D**



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 values shows perfect price inelasticity of supply?

(1)

- ☐ A 1.5
☐ B 1
☐ C 0.5
☐ D 0

- (b) A firm has total costs of \$1 250 000 per month and variable costs of \$100 per unit. If it produces 5,000 units, calculate the **total fixed costs** per month for the firm.

(1)

- ☐ A \$1 750 000
☐ B \$1 250 100
☐ C \$1 249 900
☐ D \$750 000

- (c) What is meant by the term supply?

(2)

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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) Water is an example of which factor of production?

(1)

- ☐ **A** Land
- ☐ **B** Labour
- ☐ **C** Capital
- ☐ **D** Enterprise

- (b) A firm has total costs of \$700. It sells 300 items at a price of \$20 each. What is the **profit** for the firm?

(1)

- ☐ **A** \$5 300
- ☐ **B** \$6 000
- ☐ **C** \$13 700
- ☐ **D** \$14 000

- (c) What is meant by the term supply?

(2)

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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)

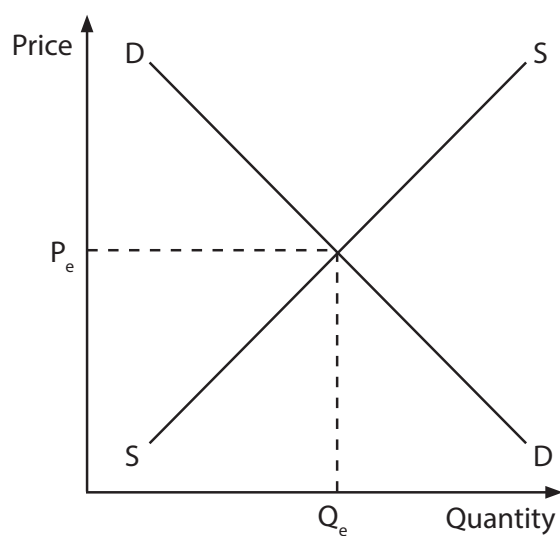


Figure 1

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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- (g) Using the diagram below, draw the likely effects on the market for cars of the introduction of more effective technology in production. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

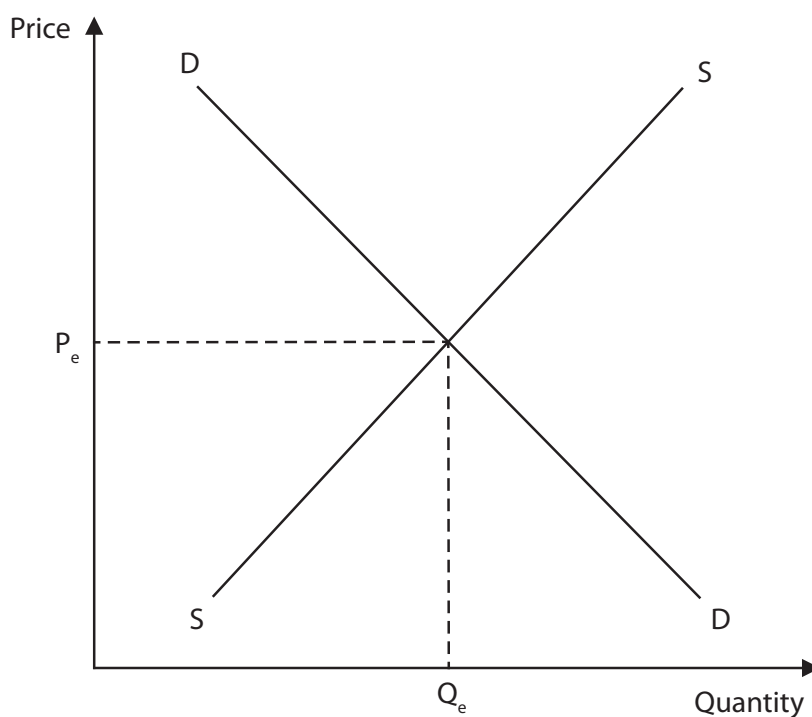


Figure 1

In 2015, the school-leaving age in England was raised from 16 to 18.

- (h) Explain **one** possible effect on the supply of labour of the school-leaving age being raised.

(3)

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- (g) Using the diagram below, draw the likely effects on the market for smartphones following a rise in the cost of raw materials. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

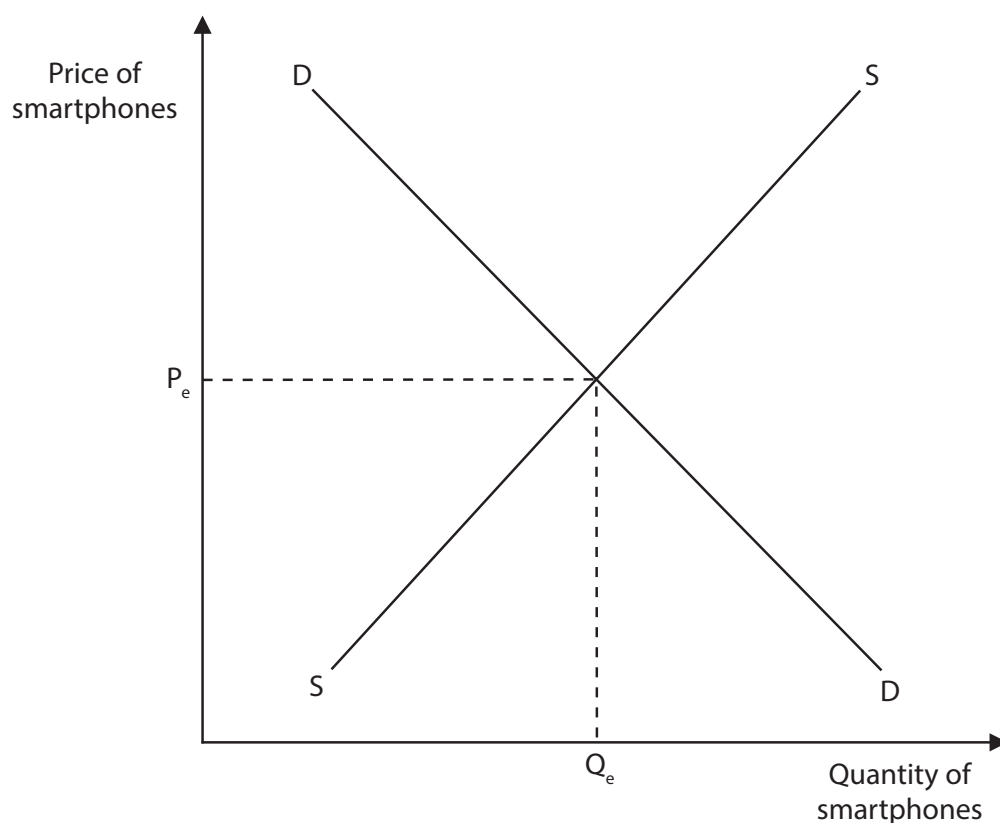


Figure 1

The New Zealand Government is to introduce new legislation to limit the interest rate firms can charge on loans made to customers. The maximum interest rate firms can charge will be 0.8% per day.

- (h) Explain **one** reason why the New Zealand Government may be introducing this legislation.

(3)

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Figure 2 shows the supply of wheat in a region during 2019.

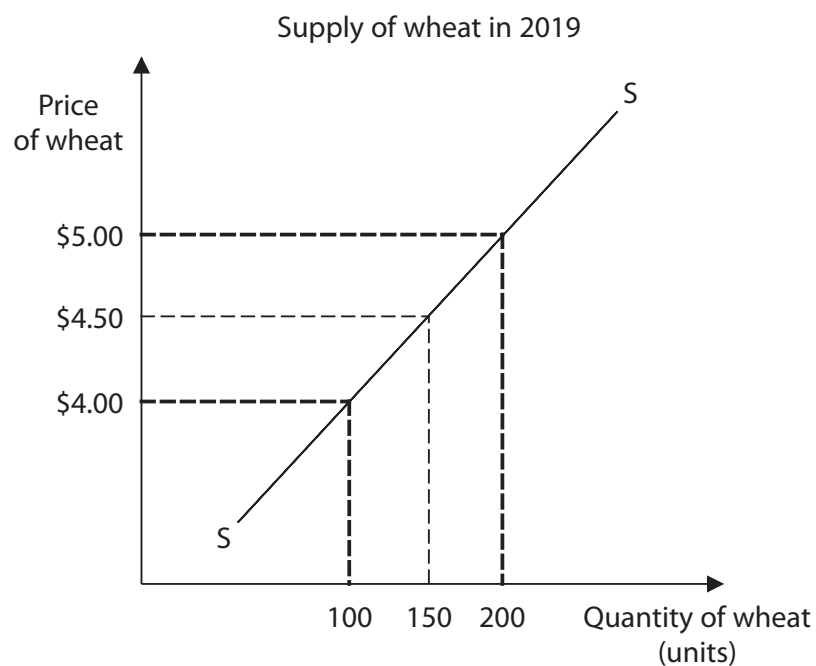


Figure 2

- (g) Explain **one** effect on the supply curve of wheat following a change in the price of wheat.

(3)

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In England, there has been an increase in the number of science, maths and modern language graduates. Some of these graduates choose to enter the teaching profession with these qualifications. Many are encouraged to do so by a government bonus payment of £9 000, only available to graduates in these subjects. However, many do not stay in the profession for more than one or two years. This is due to problems of long working hours, bureaucracy and student behaviour. Those with science qualifications often find different types of employment quite easily.

(Source adapted from: <https://www.theguardian.com/education/2019/oct/05/science-and-language-teachers-to-get-9000-staying-on-bonus>)

- (h) With reference to the data above and your knowledge of economics, assess whether an increase in the number of people with skills and qualifications will always lead to an increase in the supply of teachers.

(9)

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- (g) Using the diagram below, draw the likely effects on the market for crops after farmland is damaged by flooding. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

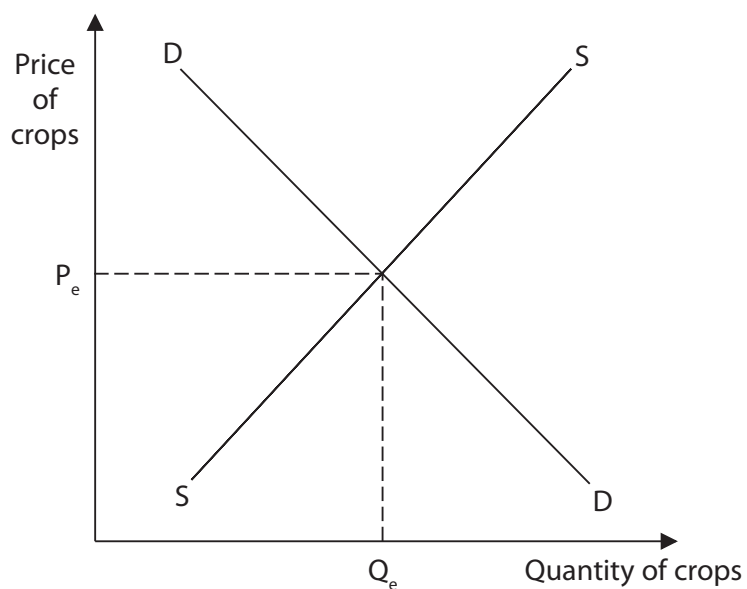


Figure 1

Tertiary sector employment has increased by 13.1% in China during the last 10 years. However, there have been few changes in the level of employment in the secondary sector.

- (h) Explain **one** possible reason for this trend.

(3)

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Figure 2 shows the supply of rice in a region during 2021.

Supply of rice in 2021

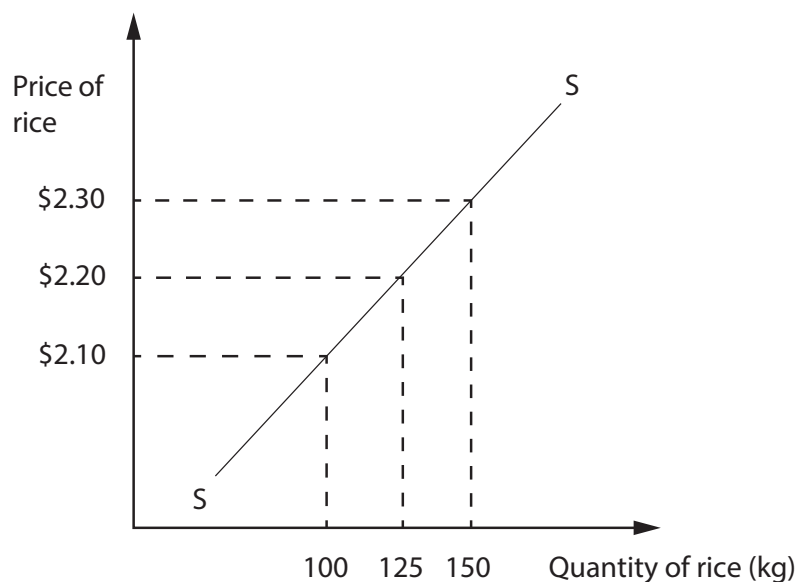


Figure 2

The equilibrium price of rice is \$2.20 per kg.

(g) Explain **one** effect on the supply of rice following a change in its equilibrium price.

(3)

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Some governments have made the creation of outdoor areas or parks a priority in order to help reduce health issues, such as obesity. Studies have shown that having access to such areas encourages physical exercise that can also benefit mental wellbeing.

However, funding for such projects is not always available or the parks become too crowded. This means fewer people can benefit from these outdoor areas.

(h) With reference to the data above and your knowledge of economics, assess the benefits of the public sector providing outdoor areas or parks.

(9)

This image shows a full page of a document template designed for handwritten notes or essays. It features approximately 28 evenly spaced, thin grey horizontal lines running across the width of the page. The margins are consistent on all sides, providing ample space for writing. There are no pre-printed questions, headings, or other markings on the page.

A firm increases supply by 4.3% following a price increase of 3.7%.

- (f) Calculate, to two decimal places, the **price elasticity of supply (PES)** for the firm.
You are advised to show your working.

(2)

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Figure 2 shows the market for electric cars.

- (g) Using the diagram below, draw the likely effects on the market for electric cars following the introduction of a subsidy on electric cars. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

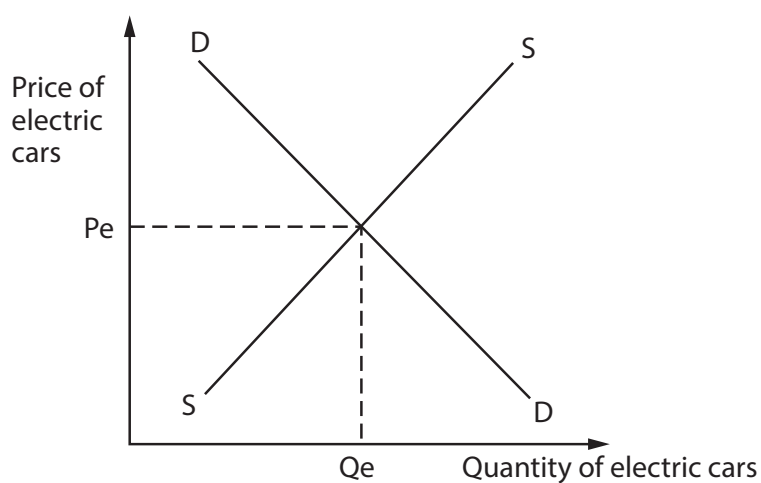


Figure 2

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)

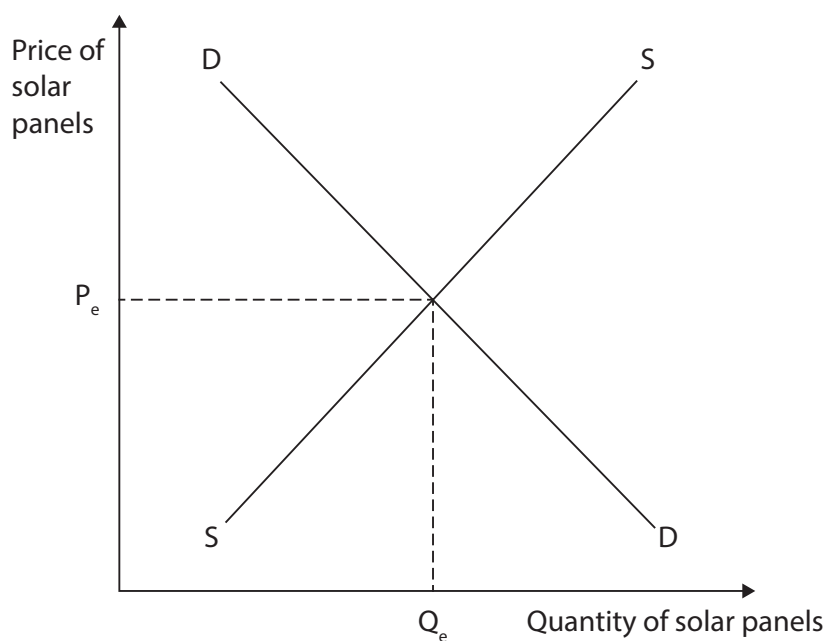


Figure 1

Casper has decided to purchase a new television.

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

(3)

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Figure 1 shows the market for cars.

- (g) Using the diagram below, draw the likely effect on the market for cars following a rise in the costs of raw materials. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

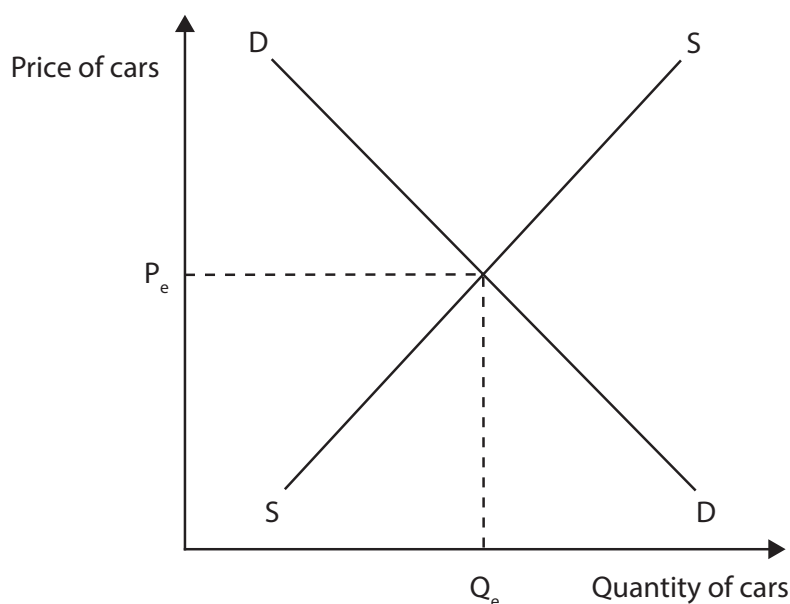


Figure 1

In April 2023, the Competition and Markets Authority (CMA), the competition regulator in the UK, prevented the purchase of Activision by Microsoft. Microsoft already controlled about 60–70% of the market for online video gaming.

- (h) Explain **one** reason why the CMA may have made this decision.

(3)

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Figure 1 shows the market for smartphones.

- (g) Using the diagram below, draw the likely effect on the market for smartphones following an increase in productivity. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

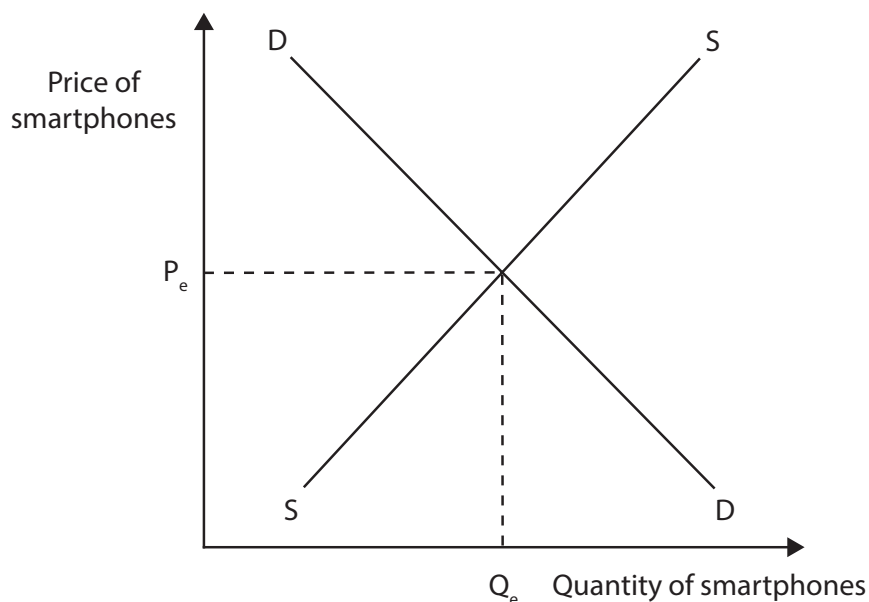


Figure 1

In 2023, the French Government increased the age at which people could receive a state pension to 64.

- (h) Explain **one** possible effect of this change in the pension age on the supply of labour.

(3)

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Tour guides are available to accompany tourists who visit the Terracotta Army collection of sculptures in Xi'An, China. The quantity of tour guides demanded for the first three months of 2019 is shown below.

Month	Quantity of tour guides demanded
January	1,200
February	1,450
March	1,625

Figure 1

- (f) Calculate the **excess supply** of tour guides if the quantity supplied during this three-month period was 6,000 (2,000 per month). You are advised to show your working.

(2)

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- (g) Using the diagram below, draw the likely effects of an increase in the birth rate on the market for toys. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

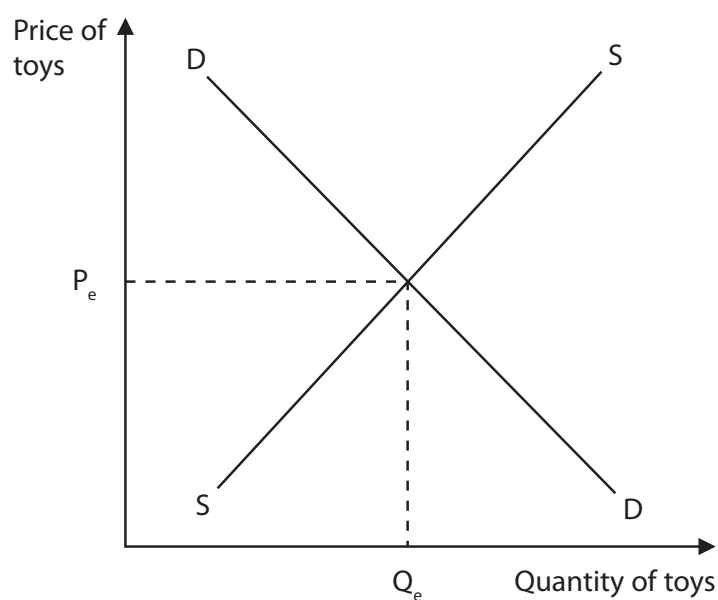


Figure 2



(Total for Question 1 = 20 marks)



SUB-TOPIC 1.1.3 (g-j)

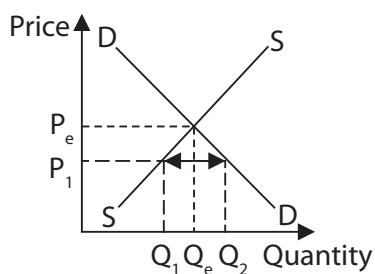
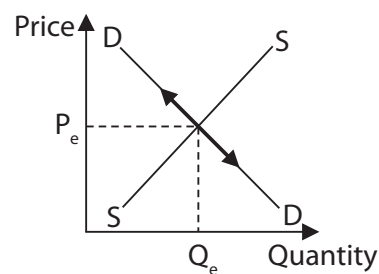
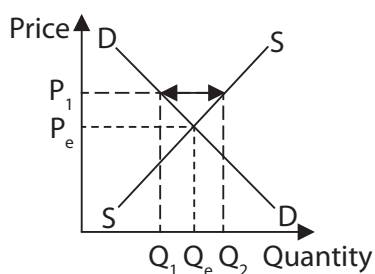
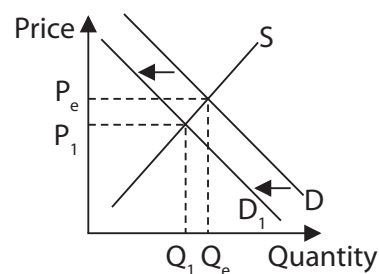
MARKET EQUILIBRIUM

Sub-topic 1.1.3 (g-j) · 21 questions · 57 marks · lowest tariff first



2 (a) Which **one** of the following diagrams shows excess demand?

(1)

☐ A

☐ B

☐ C

☐ D


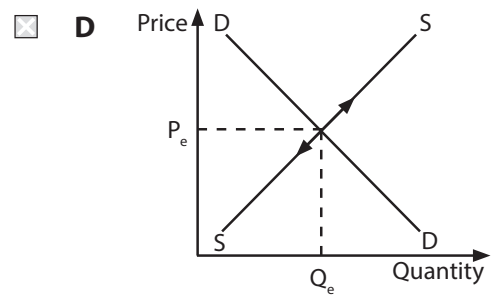
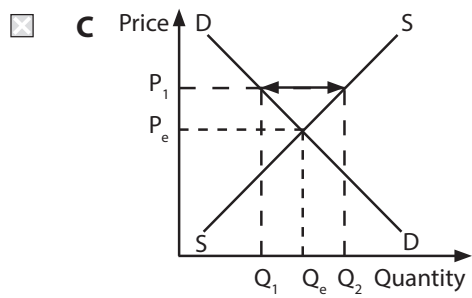
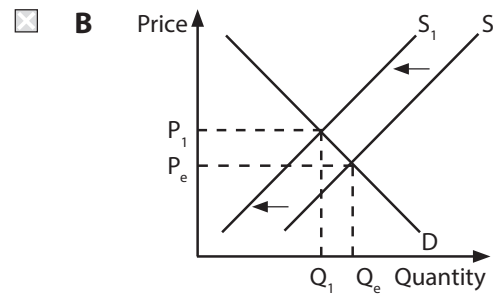
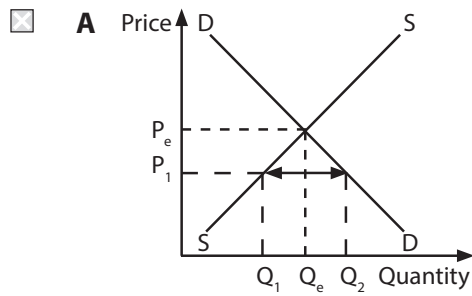
(b) Land can be described as which **one** of the following?

(1)

- ☐ A A diseconomy of scale
- ☐ B A factor of production
- ☐ C A variable cost
- ☐ D A market failure

2 (a) Which **one** of the following diagrams shows excess supply?

(1)



2 (a) Which **one** of the following would occur when there are unsold goods in a market?

(1)

- ☐ A Excess demand
- ☐ B Excess supply
- ☐ C Higher prices
- ☐ D Increased productivity

(b) Which **one** of the following statements is correct?

(1)

- ☐ A The supply curve is always vertical
- ☐ B Supply and price are not related
- ☐ C Quantity supplied will fall when price falls
- ☐ D An increase in price will shift the supply curve

(c) State the name for price elasticity of demand (PED) with a numerical value of -1 .

(1)

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A factory producing shoes calculated that quantity supplied decreased by 2.7% following a price decrease of 1.9%.

(d) Calculate, to two decimal places, the **price elasticity of supply (PES)** for shoes. You are advised to show your working.

(2)

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

(2)

(d) State **one** main feature of an oligopoly.

(1)

(e) Define the term excess supply.

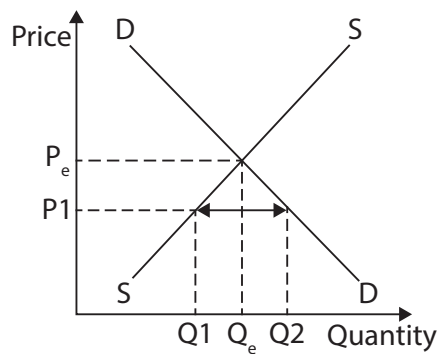
(1)



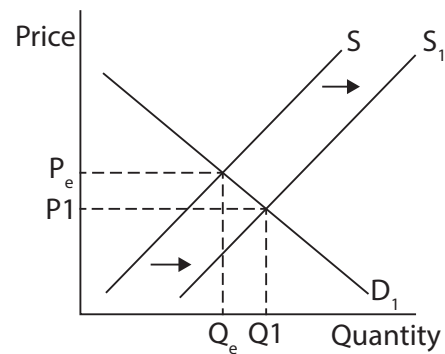
2 (a) Which **one** of the following diagrams shows excess supply?

(1)

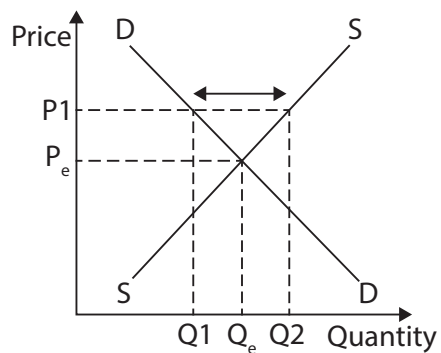
☐ **A**



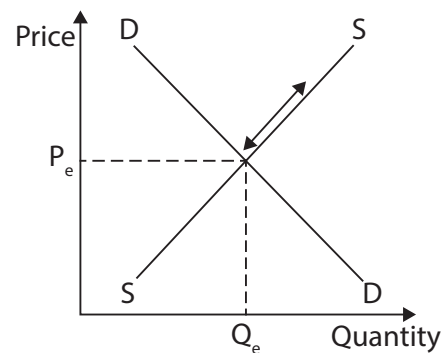
☐ **B**



☐ **C**



☐ **D**



(b) Which **one** of the following is a feature of a monopoly?

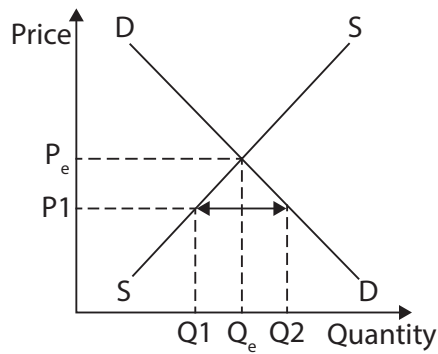
(1)

- ☐ **A** Consumers have a choice of firms
- ☐ **B** There are many firms competing in the market
- ☐ **C** The firm is a price-maker
- ☐ **D** There are low barriers to entry

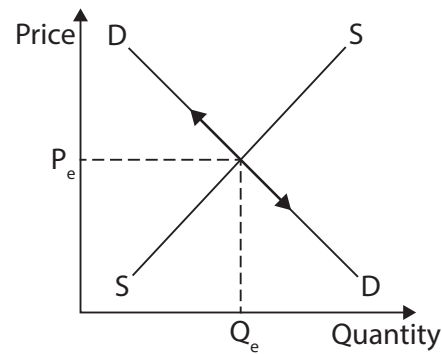
2 (a) Which **one** of the following diagrams shows excess demand?

(1)

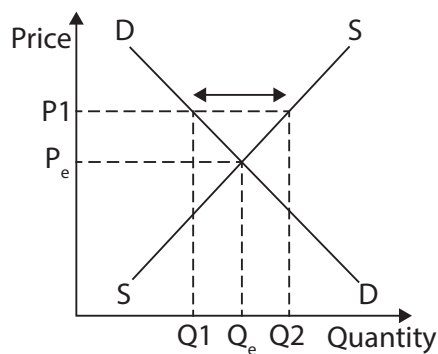
☐ **A**



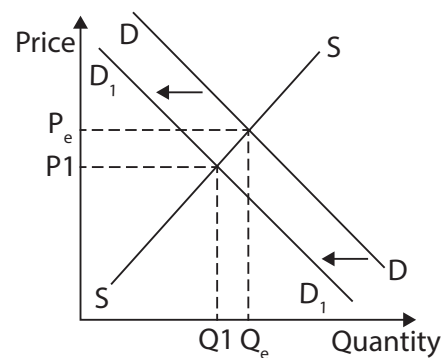
☐ **B**



☐ **C**



☐ **D**



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

(1)

- ☐ **A** There is only one firm in the market
- ☐ **B** Firms always act independently
- ☐ **C** Different products are sold
- ☐ **D** No barriers to entry are present

4 Figure 6 shows the quantity of a good supplied and demanded at different price levels.

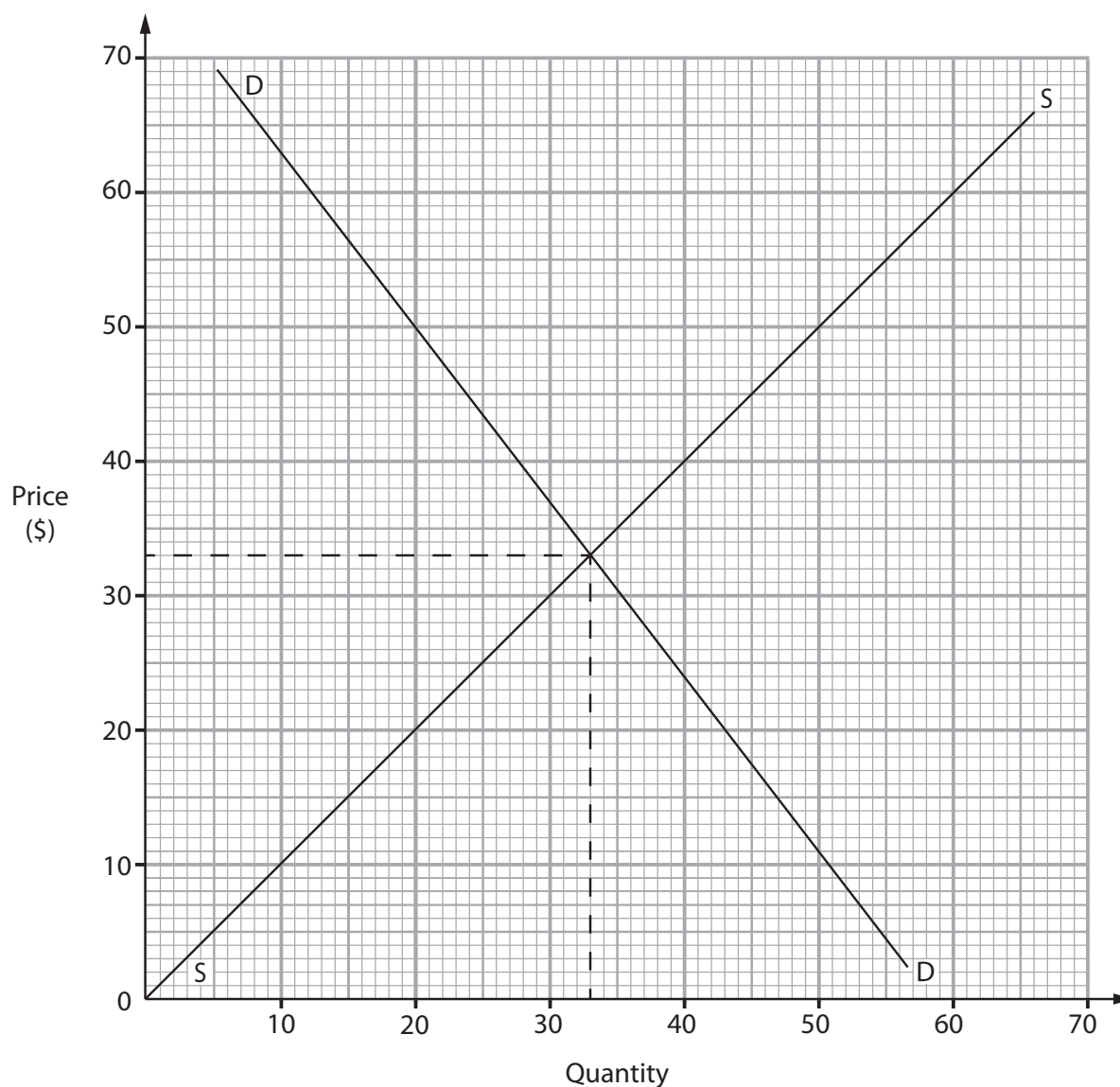


Figure 6

- (a) Using the information in Figure 6, calculate the excess supply of goods in the market at a price of \$50. You are advised to show your working.

(2)

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Competition and Markets Authority warns online sellers about collusion

The Competition and Markets Authority (CMA) is a UK government department that aims to increase competition. It has reminded online sellers of electrical equipment that collusion is illegal and can result in serious penalties. The CMA stated that buying electrical equipment online, such as laptops and games consoles, means consumers can search a wide range of deals from many different sellers. However, it also stated that collusion is a threat.

(Source: adapted from © Crown Copyright)

- (b) With reference to the data above and your knowledge of economics, analyse why collusion may be a disadvantage for online consumers buying electrical equipment.

(6)

[illegible]

4 Figure 4 shows the quantity of a good supplied and demanded at different price levels.

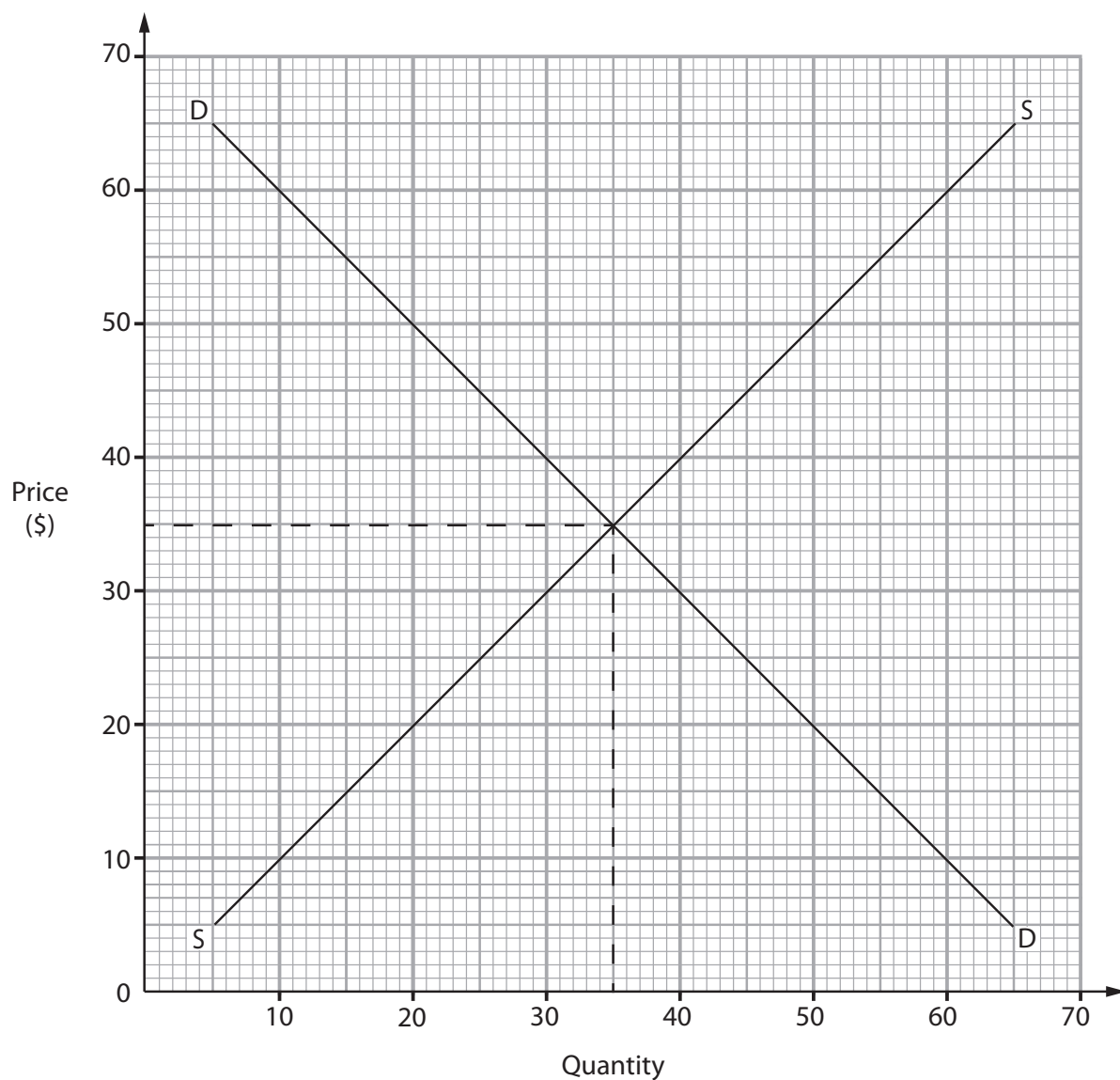


Figure 4

(a) Using the information in Figure 4, calculate the excess demand of goods in the market at a price of \$20. You are advised to show your working.

(2)

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NBC Universal pays \$7.75bn for Olympics through to 2032

The International Olympic Committee (IOC) announced it had agreed a \$7.75bn deal with the USA television network, NBC Universal. This will extend its broadcasting rights to the Olympic Games up until 2032. The deal gives NBC Universal total control over all media platforms in the USA, including television, internet and mobile. A spokesman for NBC Universal said they were confident they would get back the high cost through advertising.

(Source: adapted from <https://eu.usatoday.com/story/sports/olympics/2014/05/07/nbc-olympics-broadcast-rights-2032/8805989/>)

- (b) With reference to the data above and your knowledge of economics, analyse the benefits to NBC Universal of agreeing this deal with the IOC.

(6)

This image shows a full page of white paper with horizontal dotted lines. The lines are evenly spaced and run across the width of the page, providing a guide for handwriting practice. There are no margins, text, or other markings on the page.

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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Tour guides are available to accompany tourists who visit the Terracotta Army collection of sculptures in Xi'An, China. The quantity of tour guides demanded for the first three months of 2019 is shown below.

Month	Quantity of tour guides demanded
January	1,200
February	1,450
March	1,625

Figure 1

- (f) Calculate the **excess supply** of tour guides if the quantity supplied during this three-month period was 6,000 (2,000 per month). You are advised to show your working.

(2)

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- 4 A restaurant in Cyprus can seat 136 diners each evening. The demand for seats from diners over three evenings is shown in Figure 5.

Evening	Quantity of seats demanded
Thursday	98
Friday	114
Saturday	107

Figure 5

- (a) Calculate the **excess supply** of seats if the quantity supplied during these three evenings totalled 408. You are advised to show your working.

(2)

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- 4 A concert venue in Malaysia holds a maximum of 3,200 people for each performance. The quantity of tickets demanded for the most recent concerts is shown in Figure 5.

Concert	Quantity of tickets demanded
A	4,200
B	6,000
C	3,250

Figure 5

- (a) Calculate the **excess demand** for tickets if the quantity supplied for all three concerts totals 9,600. You are advised to show your working.

(2)

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- 4 A sports arena in Guatemala holds a maximum of 20,000 people for each event. The quantity of tickets demanded for the most recent events is shown below.

Event	Quantity of tickets demanded
A	22,200
B	21,000
C	20,250

Figure 5

- (a) Calculate the **excess demand** for tickets if the quantity supplied for all three events totals 60,000. You are advised to show your working.

(2)

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4 The demand for meals over three lunchtimes at a café in Austria is shown below.

Day	Quantity of meals demanded
Thursday	58
Friday	64
Saturday	79

Figure 5

- (a) Calculate the **excess supply** of meals if the quantity supplied during these three days totalled 261. You are advised to show your working.

(2)

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The market structure of the airline industry is an oligopoly. Major airlines, such as Emirates, Lufthansa, Qantas and Delta Airlines compete with one another over the routes they offer. Passengers are able to travel to countries worldwide for work, leisure and to visit family and friends.

- (b) With reference to the data above and your knowledge of economics, analyse the benefits of this type of market structure for airline passengers.

(6)



4 A factory has been unable to meet the demand for its product due to a shortage of raw materials. The quantity demanded for the product during each of the first three months of 2024 is shown in Figure 5.

Month	Quantity of products demanded
January	13,600
February	14,200
March	11,700

Figure 5

(a) Calculate the **excess demand** for the product for the first three months of 2024, if the quantity supplied during each month was 11,000 (33,000 in total). You are advised to show your working.

(2)



Hiking is a popular activity for visitors to the Caribbean island of Saint Vincent. Tourists can hire a guide to accompany them on the popular route of La Soufrière Volcano by booking online before arriving on the island and the price is \$34. However, the price is only \$20 if the guide is booked directly on arrival. Some tourists have complained because they did not know this was possible.

- (b) With reference to the data above and your knowledge of economics, analyse a possible reason why the market for tourism services is an inefficient allocation of resources.

(6)



- (g) Using the diagram below, draw the effects on the market for crops after a hurricane destroys farm land. Label the new curve, new equilibrium price and new equilibrium quantity.

(3)

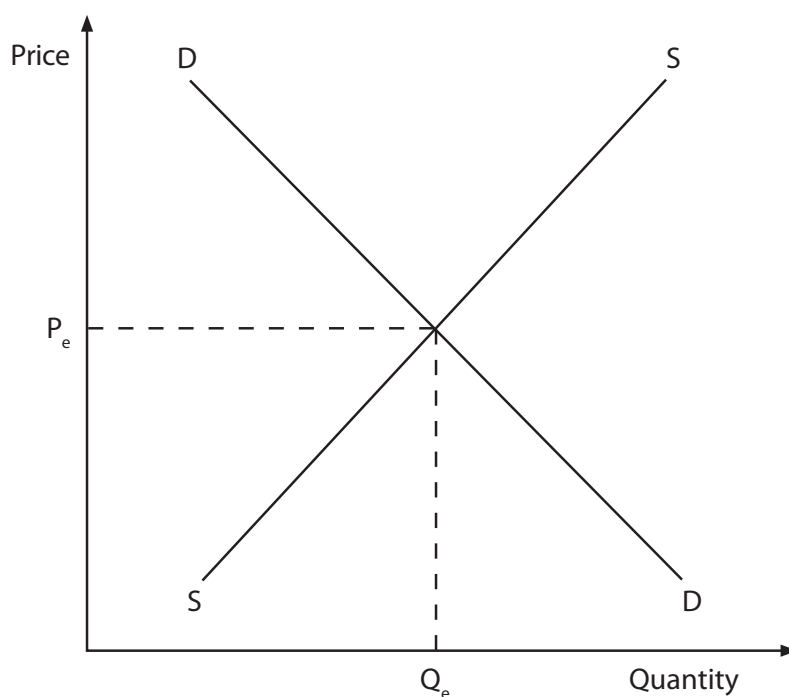


Figure 2

Concert tickets to see the most popular music artists can sell for very high prices.

- (h) Explain **one** reason why the demand for these tickets might be price inelastic.

(3)

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- (g) Using the diagram below, draw the effects on the market for locally sourced goods of more customers preferring to buy from local firms. Label the new curve, new equilibrium price and new equilibrium quantity.

(3)

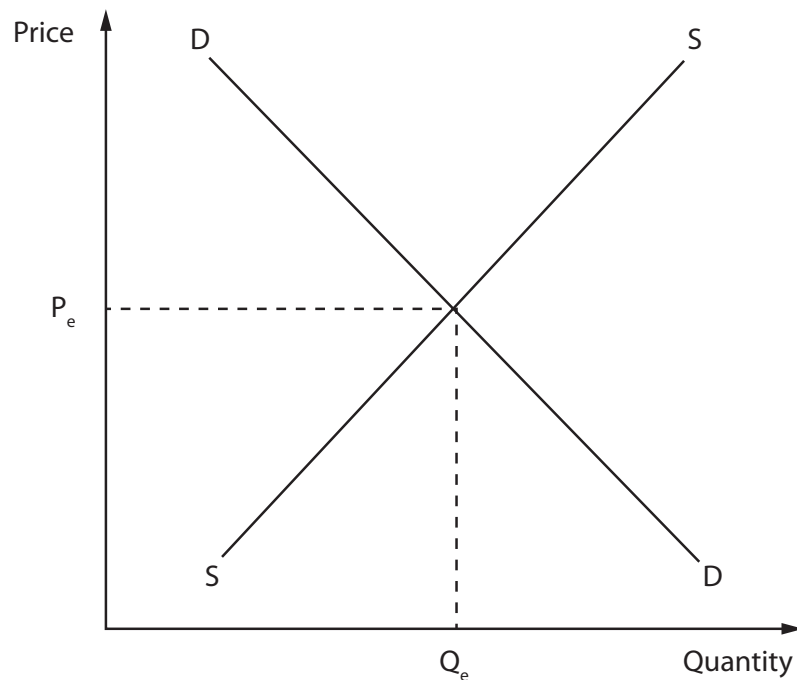


Figure 1

Robert is the only business specialising in handmade door signs in the local area.

- (h) Explain **one** disadvantage for customers of Robert being the only local firm specialising in handmade door signs.

(3)

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3 (a) Which **one** of the following factors may cause a shift of the demand curve?

(1)

- ☐ **A** Costs of production
- ☐ **B** Demographic changes
- ☐ **C** Subsidies
- ☐ **D** Changes in price

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

(1)

- ☐ **A** Healthcare
- ☐ **B** Litter
- ☐ **C** Rent
- ☐ **D** Weather

(c) On the blank pie chart below, draw and label the appropriate sizes of the primary (P), secondary (S) and tertiary (T) sectors for a developing economy such as Haiti.

(3)

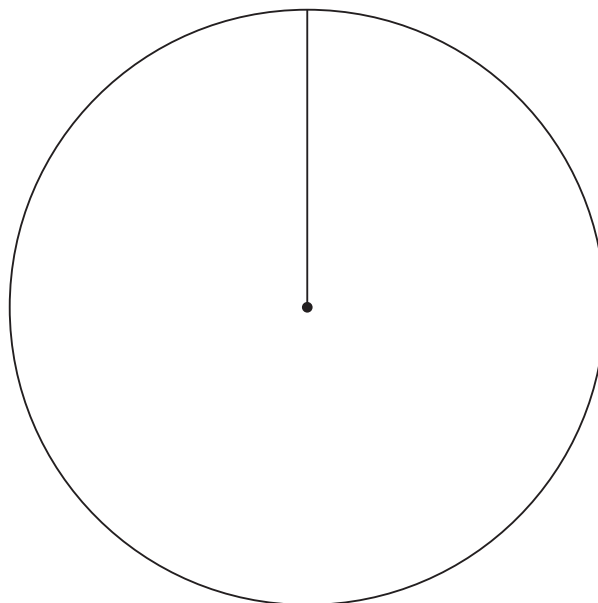


Figure 3



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

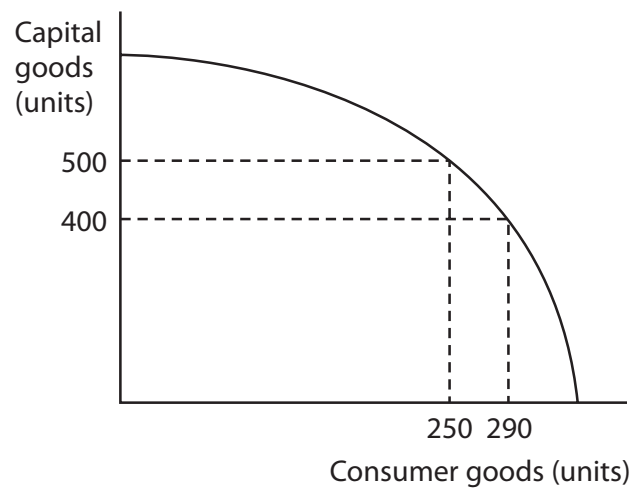


Figure 4

- (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)





Dahab is a seaside town in Egypt. It is a popular destination for visitors from around the world as well as other parts of Egypt. Some visitors return many times in order to enjoy the relaxing atmosphere, beach-side restaurants and water sports.

There are a large number of restaurants competing for customers. Some specialise in certain types of food. Others offer discounts for regular visits or provide live entertainment.

- (c) With reference to the data above and your knowledge of economics, evaluate the likely impact of competition on restaurant customers in Dahab.

(12)

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 could cause a shift in the demand curve for a product?

(1)

- ☐ A Costs of production
- ☐ B Quantity of the product available
- ☐ C Price of substitute goods
- ☐ D Subsidies

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

(1)

- ☐ A Litter
- ☐ B Rent
- ☐ C Indirect tax
- ☐ D Vaccinations

(c) On the blank pie chart below, draw and label the appropriate sizes of the primary (P), secondary (S) and tertiary (T) sectors for a developing country such as Nepal.

(3)

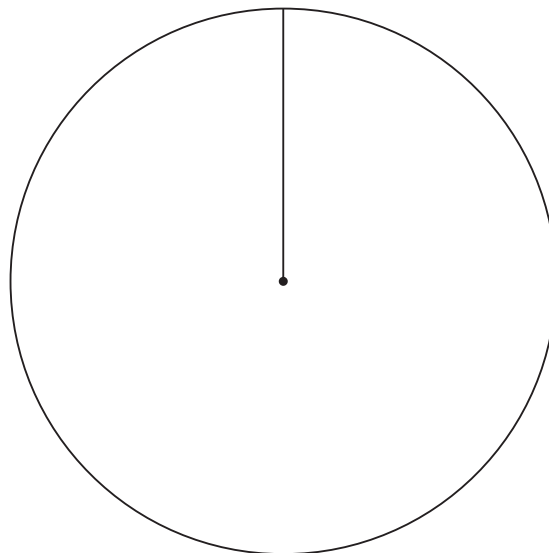


Figure 4

Figure 5 shows the excess demand for tickets at an event in Stockholm, Sweden, when the price of a ticket is 1 500 krona.

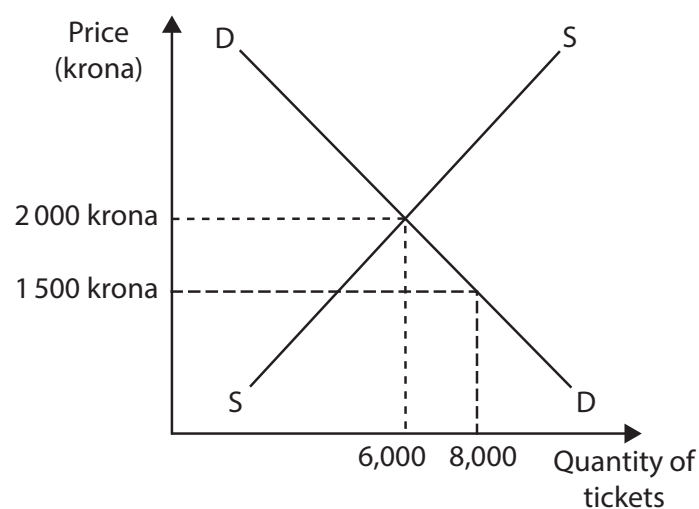


Figure 5

- (d) With reference to the data above and your knowledge of economics, analyse how market forces should remove excess demand.

(6)





In 2021, the Indonesian Government spent 9.4% of its budget on healthcare. By 2027, healthcare spending will more than double on a per capita basis from \$114 to \$269.

This increase is due to an improvement in Indonesia's economic growth. The growth is partly because more people in other countries want to buy goods and services made in Indonesia.

- (e) With reference to the data above and your knowledge of economics, assess the benefits to Indonesia of the government increasing its healthcare spending.

(9)



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

A lack of space in many busy cities means parking is an increasing problem. Japan has developed the first Automated Parking Systems (APS). These are car parks where the cars are automatically stacked. The driver takes the car to the entrance, then technology takes over, placing each car on racks, one above the other. This allows many cars to be parked in a very small area. Not only do they offer a more practical use of space than traditional multi-storey car parks, but they cost less to build. The drivers benefit from cheaper parking fees and they save time.

(Source: adapted from <http://japantravelmate.com/cool-japan/things-see-japans-automated-rotary-parking-systems>)



Figure 4

(Source: © pio3/Shutterstock)

- (h) With reference to the data above and your knowledge of economics, assess the extent to which changes in technology may reduce the shortage of car parking spaces in city centres.

(9)

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(Total for Question 2 = 20 marks)

MARK SCHEMES

official mark schemes, in the same order as the questions



Question number	Answer	Mark
2(e)	AO1 1 mark Award 1 mark for one correct factor: • a decrease in advertising • a decrease in income • an adverse change in taste and fashion • a decrease in price of substitute goods • an increase in price of complementary goods • a decrease in population Accept any other appropriate response	(1)

Question number	Answer	Mark
2(f)	AO1 2 marks Award 1 mark for reference to the advantage and 1 mark for development of the advantage • The large number of vehicles competing means there is a lot of choice (1) therefore it is easier for passengers to hire an auto rickshaw (1) Accept any other appropriate response	(2)

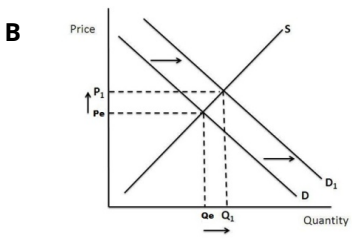
Question number	Answer	Mark
2(g)	AO2 3 marks Award 1 mark for identifying a relevant reason for the difference in price Award 1 mark for developing the reason Award 1 mark for the response being in the context of transport in Dhaka • One reason is that there are likely to be fewer vehicles competing outside the city centre (1) because most of the 17 million people live in the city centre (1) and so there is less potential business for the drivers (1) Accept any other appropriate response	(3)

Question number	Answer	Mark
1(d)	AO1 1 mark Award 1 mark for one correct factor • Factors of production • Availability of stocks • Spare capacity • Time	(1)

Question number	Answer	Mark
1(e)	AO1 1 mark Award 1 mark for reference to a good bought as an alternative to another good Goods which are used as an alternative to another good	(1)

Question number	Answer	Mark
1(f)	AO2 2 marks Award 1 mark for showing correct calculation $3.9 \div 5.2$ (1) Award 1 mark for correct price elasticity of supply (PES) $= 0.75$ (1) Award 2 marks if PES is correctly calculated, even if no calculations are shown Do not award marks for the formula	(2)

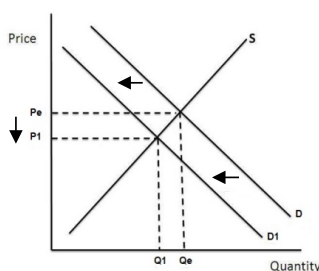
Question number	Answer	Mark
1(a)	AO1 1 mark C Opportunity cost	(1)

Question number	Answer	Mark
1(b)	AO2 1 mark B 	(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(a)	AO1 1 mark B Secondary	(1)

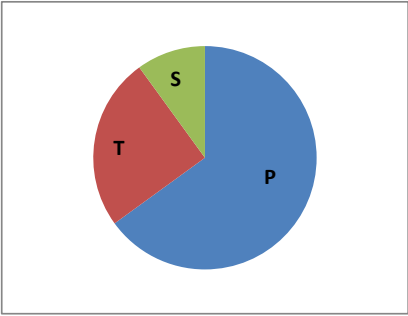
Question number	Answer	Mark
1(b)	AO2 1 mark C 	(1)

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 factors may cause a shift of the demand curve?	Mark
	Answer	
3(a)	AO1 1 mark The only correct answer is: B Demographic changes A is not correct because this would affect the supply curve C is not correct because this would affect the costs of production D is not correct because this would cause a movement along	(1)

Question Number	Which one of the following is an example of an external cost?	Mark
	Answer	
3(b)	AO1 1 mark The only correct answer is: B Litter A is not correct because this is an external benefit C is not correct because it is a private cost D is not correct because it is not an external cost	(1)

Question Number	On the blank pie chart below, draw and label the appropriate sizes of the primary (P), secondary (S) and tertiary (T) sectors for a developing economy such as Haiti.	Mark
	Answer	
3(c)	AO2 3 marks Award 1 mark for the Primary sector (P) being the biggest (1) Award 1 mark for the Primary sector (P) being greater than 50% (1) Award 1 mark for the remaining smaller portion being divided between the Tertiary (T) and the Secondary (S) sectors (1) 	(3)

Question number	Answer	Mark
1(d)	AO1 1 mark Award 1 mark for correct reason • Negative advertising • Fall in income • Negative fashion/taste change • Fall in price of substitute goods • Rise in price of complementary goods • Decrease in the population Accept any other appropriate response	(1)

Question number	Answer	Mark
1(e)	AO1 1 mark Award 1 mark for a correct definition Converting resources into goods or services Accept any other appropriate response	(1)

	Answer	Mark
1(f)	AO2 2 marks Award 1 mark for showing correct calculation -2.1%/1.6% (1) Award 1 mark for correct PED = -1.31 (1) Award 2 marks if PED is correctly calculated as -1.31, even if no calculations are shown Do not award marks for a formula	(2)

Question number	Calculate, to two decimal places, the price elasticity of supply (PES) for shoes. You are advised to show your working. Answer	Mark
2(d)	AO2 2 marks Award 1 mark for showing correct calculation -2.7%/-1.9% (1) Award 1 mark for correct PES 1.42 (1) Award 2 marks if PES is correctly calculated as 1.42, even if no calculations are shown Do not award marks for a formula	(2)

Question number	Define the term substitute. Answer	Mark
2(e)	AO1 1 mark Award 1 mark for a correct definition • An alternative bought/produced in place of something else Accept any other appropriate response	(1)

Question number	Describe one reason why a firm might stay small. Answer	Mark
2(f)	AO1 2 marks Award 1 mark for reference to the reason and 1 mark for development of the reason • It may already be making enough money (1) to satisfy the needs of the owner (1) • The size of the market may be small (1) which means expansion is difficult (1) Accept any other appropriate response	(2)

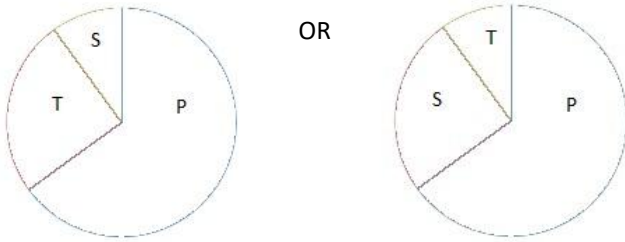
Question number	A trade union is an organisation that aims to improve Answer	Mark
1(a)	AO1 1 mark The only correct answer is: D working conditions A is not correct because trade unions do not focus on the objectives of firms B is not correct because the government does not receive revenue due to trade union actions C is not correct because the environment is not a focus of trade union activity	(1)
Question number	Figure 1 below shows a change in demand for tickets to a sporting event. Which one of the following statements is true? Answer	Mark
1(b)	AO2 1 mark The only correct answer is: C An increase in demand is shown by a shift to the right A is not correct because when the price falls, the quantity demanded rises B is not correct because the demand curve slopes downwards from left to right D is not correct because a decrease in demand is shown by a shift to the left	(1)
Question number	What is meant by the term economies of scale? Answer	Mark
1(c)	AO1 2 marks Award up to 2 marks for a correct definition Falling average costs (1) due to expansion of the firm (1) Accept any other appropriate response	(2)

Question number	Which one of the following is most likely to cause a shift to the left of the demand curve?	Mark
	Answer	
3(a)	AO1 1 mark The only correct answer is: D Decreased incomes A is not correct because this would increase demand B is not correct because this would increase supply C is not correct because this would reduce supply	(1)

Question number	Which one of the following best describes the type of goods with an income elasticity of demand (YED) of -1.3?	Mark
	Answer	
3(b)	AO1 1 mark The only correct answer is: A Inferior B is not correct because unitary goods have a numerical value equal to 1 or -1 C is not correct because this would have a high positive numerical value D is not correct because this would have a positive numerical value	(1)

Question number	Which one of the following could cause a shift in the demand curve for a product?	Mark
	Answer	
3(a)	AO1 1 mark The only correct answer is: C Price of substitute goods A is not correct because this would affect the costs of production B is not correct because this would not shift the demand curve D is not correct because this would affect the supply curve	(1)

Question number	Which one of the following is an example of an external cost?	Mark
	Answer	
3(b)	AO1 1 mark The only correct answer is: A Litter B is not correct because this is a private cost C is not correct because this is not an external cost D is not correct because this is an external benefit	(1)

Question number	On the blank pie chart below, draw and label the appropriate sizes of the primary (P), secondary (S) and tertiary (T) sectors for a developing country such as Nepal.	Mark
	Answer	
3(c)	AO2 3 marks Award 1 mark for the primary sector (P) being the biggest (1) Award 1 mark for the primary sector (P) being greater than or equal to 50% (1) Award 1 mark for the remaining portion being divided between the tertiary (T) and the secondary (S) sector (1) 	(3)

Question number	Answer	Mark
1(a)	AO1 1 mark A Land	(1)

Question number	Answer	Mark
1(b)	AO2 1 mark A \$190 000	(1)

Question number	Answer	Mark
1(c)	AO1 2 marks Award 1 mark for reference to amount willing to be purchased and 1 mark for reference to price The quantity of goods/services consumers are willing and able to buy (1) at a given price (1)	(2)

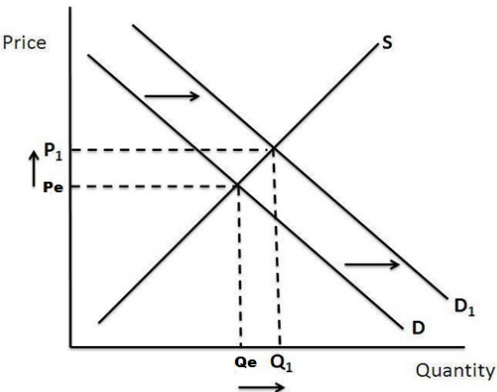
Question number	Answer	Mark
1(d)	AO1 1 mark Award 1 mark for correct formula Private costs + external costs	(1)

Question number	Answer	Mark
2(c)	AO2 2 marks Award 1 mark for identifying the fixed costs 40 250 + 10 125 (1) Award 1 mark for calculating total fixed costs = 50 375 Rs (1) Award 2 marks if total fixed costs are correctly calculated as 50 375 Rs, even if no calculations are shown Award 1 mark if total fixed costs are correctly calculated as 50 375 even if no calculations are shown Do not award marks for a formula	(2)

Question number	Answer	Mark
2(d)	AO1 2 marks Award 1 mark for reference to amount willing and able to be purchased and 1 mark for reference to price The quantity of goods/services consumers are willing and able to buy (1) at a given price (1) Accept any other appropriate response	(2)

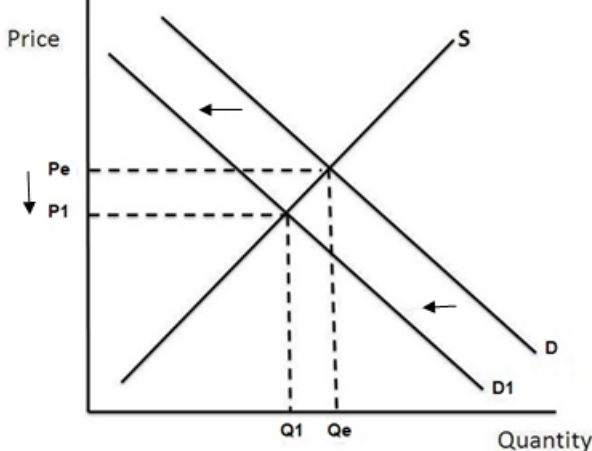
Question number	Answer	Mark
2(e)	AO1 2 marks Award 1 mark for reference to the policy and 1 mark for development of the policy Taxation (1) to reduce the consumption of a demerit good that is over consumed (1) Accept any other appropriate response	(2)

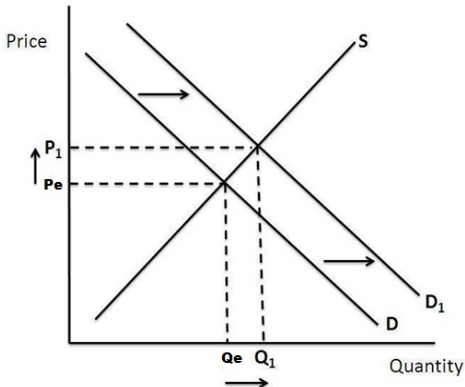
Question number	Answer	Mark
1(f)	AO2 2 marks Award 1 mark for showing correct calculation $10 \div 25$ (1) Award 1 mark for correct income elasticity of demand (YED). $= 0.4$ (1) Award 2 marks if YED is correctly calculated as 0.4, even if no calculations are shown Do not award marks for the formula	(2)

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

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	Answer	Mark
1(g)	AO2 3 marks Award 1 mark for rightward shift of demand, labelled Award 1 mark for higher equilibrium price, labelled Award 1 mark for higher equilibrium quantity, labelled 	(3)

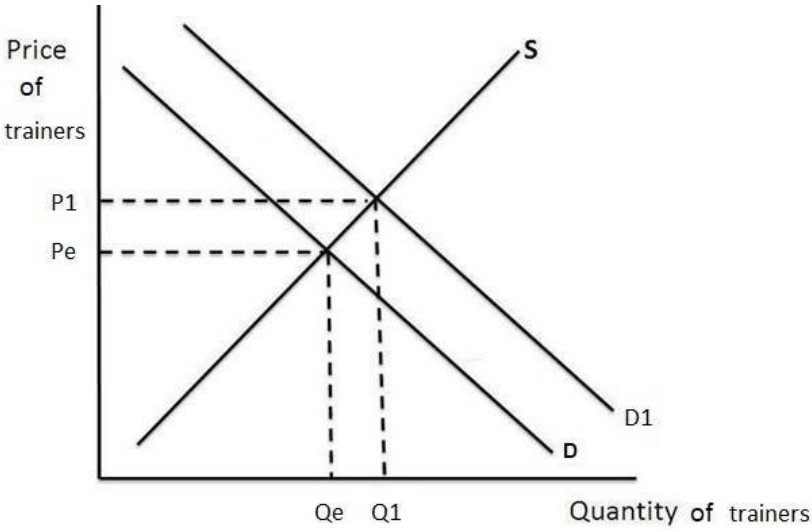
Question number	Answer	Mark
1(h)	AO2 3 marks Award 1 mark for identifying a relevant advantage Award 1 mark for developing the advantage Award 1 mark for the response being in context - One advantage of the takeover may be improved quality (1) because Connect Airways may make higher profits (1) so it may be able to finance more comfortable airline seats for its passengers (1) - One advantage may be economies of scale from the link with Virgin (1) because the new airline can buy fuel in bulk at a lower cost (1) passengers may then benefit from decreased prices (1) Accept any other appropriate response	(3)

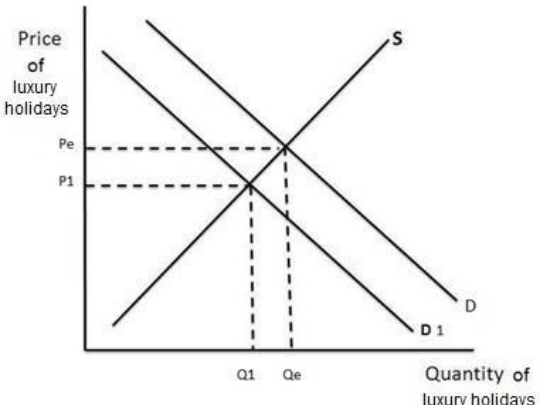
Question number	Answer	Mark
1(e)	AO1 1 mark Award 1 mark for a correct definition A specialised market for a particular product Accept any other appropriate response	(1)

	Answer	Mark
1(f)	AO2 2 marks Award 1 mark for showing correct calculation 4.7%/5.4% (1) Award 1 mark for correct PES = 0.87 (1) Award 2 marks if PES is correctly calculated as 0.87, even if no calculations are shown Do not award marks for a formula	(2)

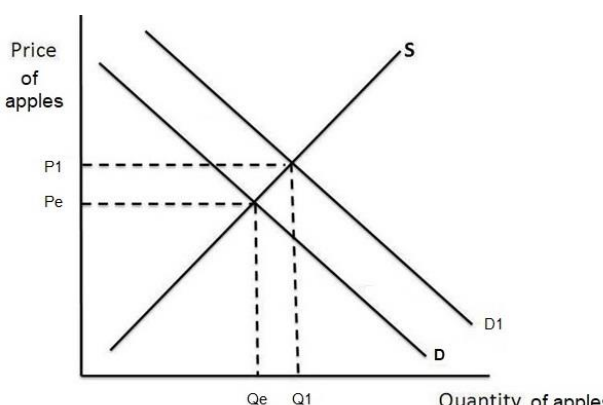
Question number	Answer	Mark
1(g)	AO2 3 marks Award 1 mark for leftward shift of demand, labelled Award 1 mark for lower equilibrium price, labelled Award 1 mark for lower equilibrium quantity, labelled	(3)

Question number	Answer	Mark
2(g)	A02 3 marks Award 1 mark for identifying a relevant effect Award 1 mark for developing the effect Award 1 mark for the response being in context • A price decrease would increase quantity demanded (1). A decrease from \$2.32 to \$2.22 results in more units (1) because it becomes more competitive compared to substitutes (1) • A price increase would decrease quantity demanded (1). An increase from \$2.32 to \$2.42 results in fewer units (1) because there would be a movement along the demand curve (1) Accept any other appropriate response	(3)

Question number	Using the diagram below, draw the likely effects on the market after a popular celebrity was seen wearing trainers. Label the new curve, the new equilibrium price and the new equilibrium quantity.	Mark
1(g)	A02 3 marks Award 1 mark for rightward shift of demand, labelled Award 1 mark for higher equilibrium price, labelled Award 1 mark for higher equilibrium quantity, labelled 	(3)

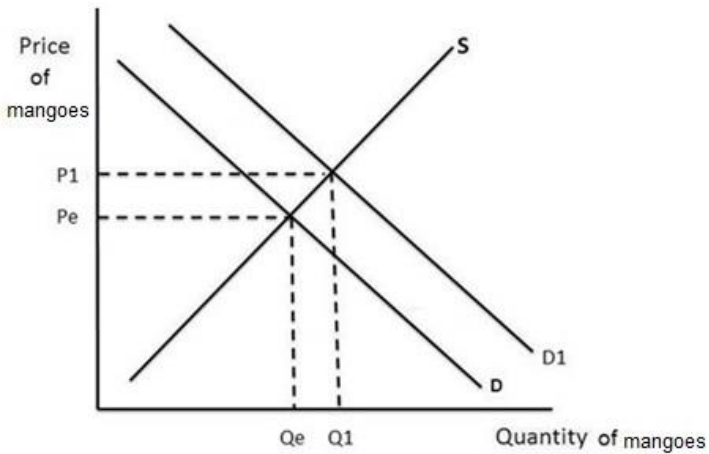
Question number	Using the diagram below, draw the likely effect on the market for luxury holidays after a fall in income. Label the new curve, the new equilibrium price and the new equilibrium quantity.	Mark
1(g)	Answer A02 3 marks Award 1 mark for leftward shift of demand, labelled Award 1 mark for lower equilibrium price, labelled Award 1 mark for lower equilibrium quantity, labelled 	(3)

Question number	Explain one possible disadvantage of privatisation for workers in the telecoms industry in Angola.	Mark
1(h)	Answer A02 3 marks Award 1 mark for identifying a disadvantage Award 1 mark for developing the response Award 1 mark for the response being in context Workers may be made redundant as a result of privatisation (1) because private firms are likely to want the telecoms industry to reduce costs (1) in order to increase efficiency (1) Accept any other appropriate response	(3)

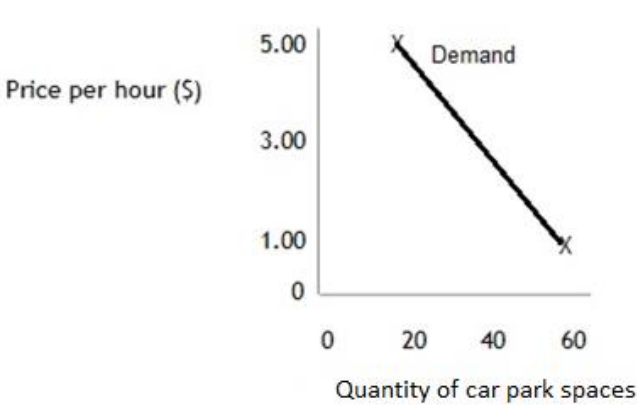
Question number	Using the diagram below, draw the likely effects on the market for apples following an increase in the advertising of apples. Label the new curve, the new equilibrium price and the new equilibrium quantity. Answer	Mark
1(g)	AO2 3 marks Award 1 mark for rightward shift of demand, labelled Award 1 mark for higher equilibrium price, labelled Award 1 mark for higher equilibrium quantity, labelled 	(3)

Question number	Explain one advantage of using division of labour for the firm. Answer	Mark
1(h)	AO2 3 marks Award 1 mark for identifying an advantage Award 1 mark for developing the response Award 1 mark for the response being in context • Production is more efficient (1) because workers at the factory will not need to change tools repeatedly to do a different task (1) meaning the quantity of tennis balls produced could increase (1) • Workers specialising in one task become better at that task (1) making them more productive (1) and helping to lower the average costs of producing each tennis ball (1) Accept any other appropriate response	(3)

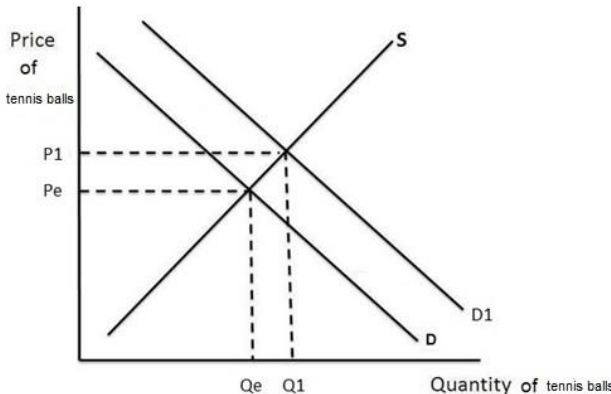
Question number	Explain one advantage of positive reviews for the owners of food stalls in Taba. Answer	Mark
2(g)	AO2 3 marks Award 1 mark for identifying a relevant advantage Award 1 mark for developing the advantage Award 1 mark for the advantage being in context • Stalls offering quality food will gain more customers (1) because customers will be attracted by the positive reviews (1) instead of buying from competitors (1) • Demand will increase for food from these stalls (1) leading to an increase in revenue (1) which will increase profit for the food stall owners (1) Accept any other appropriate response	(3)

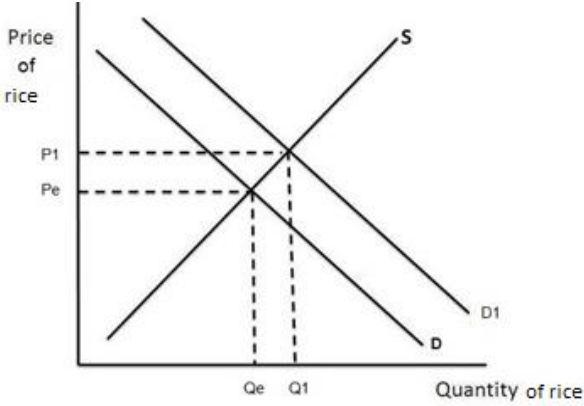
Question number	Using the diagram below, draw the likely effects on the market for mangoes after a study shows that eating them leads to an improvement in health. Label the new curve, the new equilibrium price and the new equilibrium quantity. Answer	Mark
1(g)	AO2 3 marks Award 1 mark for rightward shift of demand, labelled Award 1 mark for higher equilibrium price, labelled Award 1 mark for higher equilibrium quantity, labelled  (3)	

Question number	Explain one possible reason why Christine serves large-sized meals. Answer	Mark
1(h)	AO2 3 marks Award 1 mark for identifying a reason Award 1 mark for developing the response Award 1 mark for the response being in context One reason is that Christine may prioritise caring for customer needs (1) because she has gained a positive reputation for serving large-sized meals (1) meaning, customers are more likely to remain loyal to her cafe (1) Accept any other appropriate response	(3)

Question number	Using the information in Figure 3, draw and label the demand curve for car park spaces on the diagram below. Answer	Mark
3(c)	AO2 3 marks Award 1 mark for a downward sloping demand curve, labelled Award 1 mark for plotting \$5.00 at a quantity of 20 on the demand curve Award 1 mark for plotting \$1.00 at a quantity of 60 on the demand curve  The graph shows a downward-sloping demand curve. The vertical axis represents the price per hour in dollars, ranging from 0 to 5.00. The horizontal axis represents the quantity of car park spaces, ranging from 0 to 60. The demand curve starts at a price of \$5.00 for 20 spaces and ends at a price of \$1.00 for 60 spaces.	(3)

Question number	Calculate, to two decimal places, the income elasticity of demand (YED) for a good if income increases by 6.2% and quantity demanded increases by 1.7%. You are advised to show your working.	Mark
	Answer	
1(f)	AO2 2 marks Award 1 mark for showing correct calculation $1.7\% \div 6.2\%$ (1) Award 1 mark for correct income elasticity of demand (YED) $= 0.27$ (1) Award 2 marks if YED is correctly calculated as 0.27, even if no calculations are shown Do not award marks for the formula	(2)

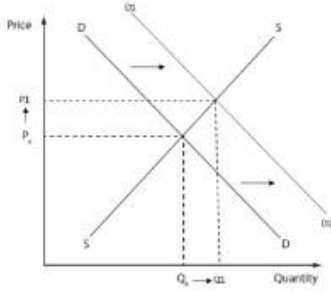
Question number	Using the diagram below, draw the likely effects on the market for tennis balls after a fall in the price of tennis rackets. Label the new curve, the new equilibrium price and the new equilibrium quantity.	Mark
	Answer	
1(g)	AO2 3 marks Award 1 mark for a rightward shift of demand, labelled Award 1 mark for a higher equilibrium price, labelled Award 1 mark for a higher equilibrium quantity, labelled 	(3)

Question number	Using the diagram below, draw the likely effect of an increase in the population on the market for rice. 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 the demand curve, labelled Award 1 mark for a higher equilibrium price, labelled Award 1 mark for a higher equilibrium quantity, labelled 	(3)

Question number	Explain one reason why demand for a product, such as a soft drink, usually becomes more price elastic over time.	Mark
	Answer	
1(h)	AO2 3 marks Award 1 mark for identifying a relevant reason Award 1 mark for developing the reason Award 1 mark for the response being in context • In the short term, consumers may not be able to break their habit (1) but in time they are able to reduce consumption (1) meaning that they buy less of the sugary products (1) • More firms may enter the market (1) meaning more substitutes are available (1) so, in time, the difference in PED is 0.5 more elastic (1) Accept any other appropriate response	(3)

Question number	Indicative content
3(d)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • A demand curve shows how much of a good will be purchased at different prices • Advertising is one of the factors likely to shift a demand curve to the right (increase in quantity demanded) • Possible use of a diagram: • Worldwide advertising during a popular event, such as an international cricket match, may encourage consumers to purchase Pepsi due to greater awareness and brand loyalty, therefore increasing the quantity demanded • The quantity of Pepsi demanded is likely to have increased as a result of the advertising (from Q_e to Q_1) because consumers of soft drinks may be influenced by the adverts and make an association between Pepsi and the cricket

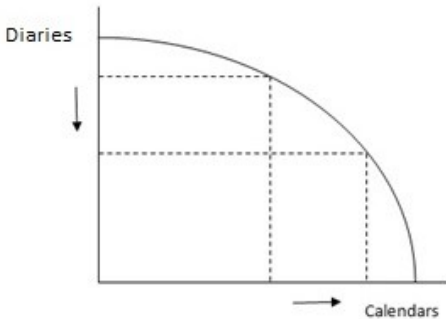
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation 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, analyse how the demand curve for Tennis TV subscriptions might have been affected by Amazon Prime ending its streaming service. Indicative content
3(d)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • A demand curve shows how much of a good will be purchased at different prices • An increase in the price of substitute goods is one of the factors likely to shift a demand curve to the right • Possible use of a diagram:  • The end of Amazon Prime's streaming service, means the only substitute is the higher priced service from Sky and it may encourage more customers to demand Tennis TV subscriptions instead, therefore increasing demand • The quantity of Tennis TV subscriptions demanded is likely to have increased (from Q_e to Q_1) as a result of the higher priced substitute because customers of tennis subscriptions are likely to want to maximise their benefit by receiving more for their money • Tennis TV may therefore have increased the price of its subscriptions (from P_e to P_1) as a result of the increase in demand

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	Answer	Mark
3(a)	AO1 1 mark A Increased indirect taxes	(1)

Question number	Answer	Mark
3(b)	AO1 1 mark C Luxury	(1)

Question number	Answer	Mark
3(c)	AO2 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	Which one of the following would occur when there are unsold goods in a market? Answer	Mark
2(a)	AO1 1 mark The only correct answer is: B Excess supply A is not correct because this would lead to a shortage of goods in the market C is not correct because lower prices may be needed to sell unsold goods D is not correct because this would not result from unsold goods in the market	(1)

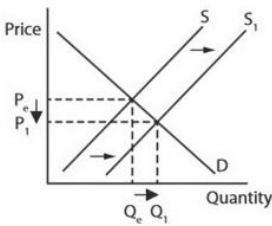
Question number	Which one of the following statements is correct? Answer	Mark
2(b)	AO1 1 mark The only correct answer is: C Quantity supplied will fall when price falls A is not correct because this is only true when supply is fixed B is not correct because supply is affected by changes in price D is not correct because the supply curve does not shift due to a price change	(1)

Question number	State the name for price elasticity of demand (PED) with a numerical value of -1. Answer	Mark
2(c)	AO1 1 mark Award 1 mark for the correct type of price elasticity of demand (PED) • Unitary	(1)

Question number	State one reason why a supply curve will shift to the left. Answer	Mark
1(d)	AO1 1 mark Award 1 mark for correct reason • Rise in the cost of production • Rise in indirect taxes • Fall in subsidies • Natural factors/disasters Accept any other appropriate response	(1)

Question number	Define the term competition. Answer	Mark
1(e)	AO1 1 mark Award 1 mark for a correct definition Rivalry that exists between firms Accept any other appropriate response	(1)

Question number	Calculate the total revenue for the firm when its monthly sales are 250 units. You are advised to show your working. Answer	Mark
1(f)	AO2 2 marks Award 1 mark for showing correct calculation €75 x 250 (1) Award 1 mark for correct total revenue = €18 750 (1) Award 2 marks if total revenue is correctly calculated as €18 750, even if no calculations are shown Award 1 mark if the answer given is 18 750 with or without calculations shown Do not award marks for a formula	(2)

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
1(a)	AO1 1 mark D 0	(1)

Question number	Answer	Mark
1(b)	AO2 1 mark D \$750 000	(1)

Question number	Answer	Mark
1(c)	AO1 2 marks Award 1 mark for reference to amount producers are willing and able to sell and 1 mark for reference to price The quantity of goods or services producers are willing and able to sell (1) at a given price/at a given time (1)	(2)

Question number	Answer	Mark
1(d)	AO1 1 mark Award 1 mark for correct example Building construction/Car production/Shipbuilding Accept any other appropriate response	(1)

Question number	Answer	Mark
1(e)	AO1 1 mark Award 1 mark for a correct definition The people used in the production of goods and services Accept any other appropriate response	(1)



Question number	Water is an example of which factor of production? Answer	Mark
1(a)	A01 1 mark The only correct answer is: A Land B is not correct because labour is a human resource C is not correct because capital is a man-made resource D is not correct because enterprise is the element of risk	(1)

Question number	A firm has total costs of \$700. It sells 300 items at a price of \$20 each. What is the profit for the firm? Answer	Mark
1(b)	A02 1 mark The only correct answer is: A \$5 300 B is not correct because this is $300 \times \$20$ C is not correct because this is $(\$700 \times \$20) - 300$ D is not correct because this is $\$700 \times \$20$	(1)

Question number	What is meant by the term supply? Answer	Mark
1(c)	A01 2 marks Award 1 mark for reference to amount producers are willing and able to sell and 1 mark for reference to price The quantity of goods or services producers are willing and able to sell (1) at a given price/at a given time (1) Accept any other appropriate response	(2)

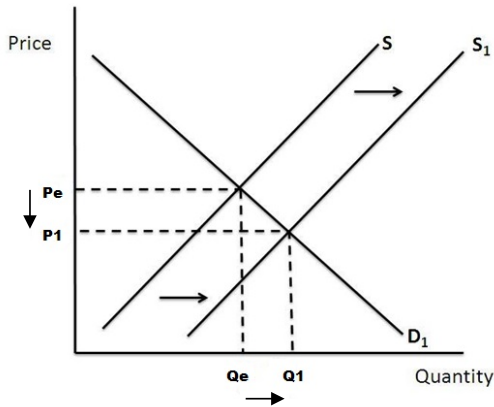


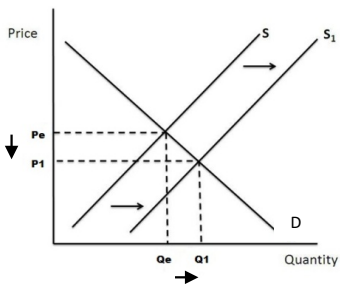
Question number	State one type of an external economy of scale.	Mark
	Answer	
1(d)	A01 1 mark Award 1 mark for correct type • Skilled labour/infrastructure/access to suppliers/similar businesses in area Accept any other appropriate response	(1)

Question number	Define the term unique product.	Mark
	Answer	
1(e)	A01 1 mark Award 1 mark for a correct definition A good/service for which there is no substitute Accept any other appropriate response	(1)

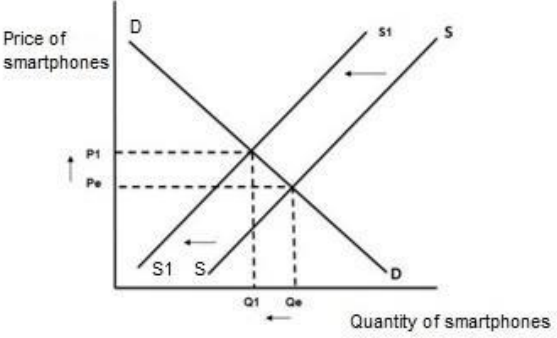
Question number	Calculate the price elasticity of supply (PES) for Connor's hair salon. You are advised to show your working.	Mark
	Answer	
1(f)	A02 2 marks Award 1 mark for showing correct calculation 2.6%/2% (1) Award 1 mark for correct PED = 1.3 (1) Award 2 marks if PES is correctly calculated as 1.3, even if no calculations are shown Do not award marks for a formula	(2)

Question number	Answer	Mark
1(f)	AO2 2 marks Award 1 mark for showing correct calculation $12 \div 5$ (1) Award 1 mark for correct income elasticity of demand (YED) $= 2.4$ (1) Award 2 marks if YED is correctly calculated as 2.4, even if no calculations are shown Do not award marks for the formula	(2)

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

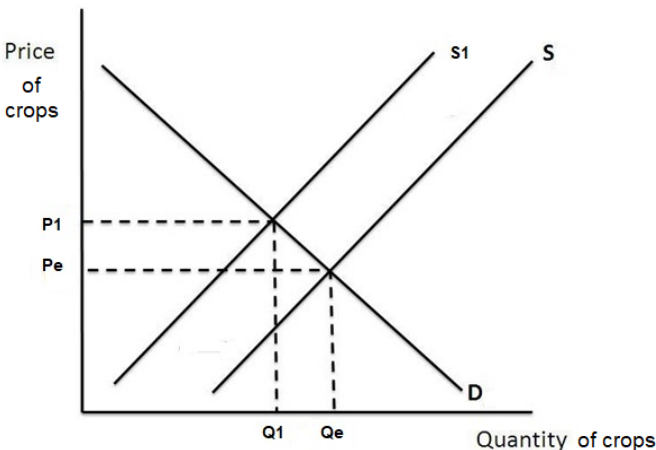
Question Number	Using the diagram below, draw the likely effects on the market for cars of the introduction of more effective technology in production. Label the new curve, the new equilibrium price and the new equilibrium quantity.	Mark
	Answer	
1(g)	A02 3 marks Award 1 mark for rightward shift of supply, labelled Award 1 mark for lower equilibrium price, labelled Award 1 mark for higher equilibrium quantity, labelled 	(3)

Question Number	Explain one possible effect on the supply of labour of the school-leaving age being raised.	Mark
	Answer	
1(h)	A02 3 marks Award 1 mark for identifying an effect Award 1 mark for developing the response Award 1 mark for the response being in context One effect would be a decrease in the supply of labour (1) because young people would not be able to be employed full-time until they reached the school-leaving age (1) which means only people over 18 in England could contribute to the supply of labour (1) Accept any other appropriate response	(3)

Question number	Answer	Mark
1(g)	A02 3 marks Award 1 mark for leftward shift of supply, labelled Award 1 mark for higher equilibrium price, labelled Award 1 mark for lower equilibrium quantity, labelled 	(3)

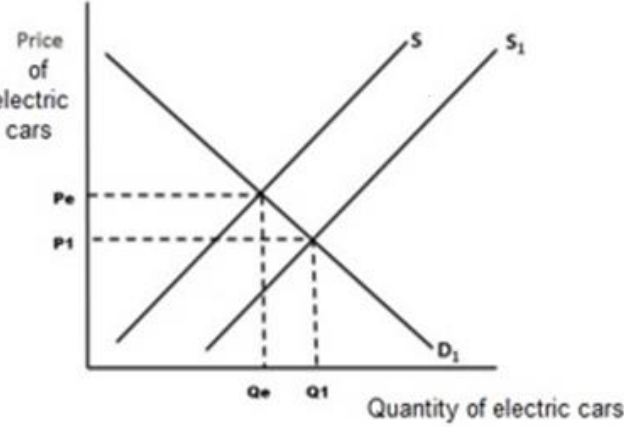
Question number	Answer	Mark
1(h)	A02 3 marks Award 1 mark for identifying a reason Award 1 mark for developing the response Award 1 mark for the response being in context To protect consumer interests (1) because firms may charge higher than the 0.8% daily cap (1) causing financial harm to consumers (1) Accept any other appropriate response	(3)

Question number	Answer	Mark
2(g)	AO2 3 marks Award 1 mark for identifying a relevant effect Award 1 mark for developing the effect Award 1 mark for the response being in context • A price increase would increase the quantity supplied (1). An increase from \$4.50 to \$5.00 results in more units (1) because producers would increase profits (1) • A price decrease would decrease the quantity supplied (1). A decrease from \$4.50 to \$4.00 results in fewer units (1) leading to a movement along the supply curve (1) Accept any other appropriate response	(3)

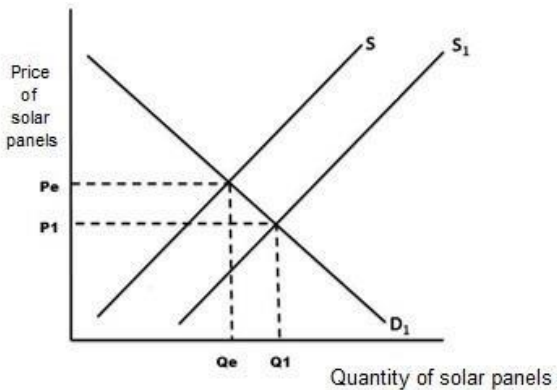
Question number	Answer	Mark
1(g)	AO2 3 marks Award 1 mark for leftward shift of supply, labelled Award 1 mark for higher equilibrium price, labelled Award 1 mark for lower equilibrium quantity, labelled 	(3)

Question number	Answer	Mark
1(h)	AO2 3 marks Award 1 mark for identifying a reason Award 1 mark for developing the response Award 1 mark for the response being in context As China has become more developed, demand for services has increased (1) because people demand more of things like education and health care as the economy grows (1) therefore employment is likely to transfer from the primary sector towards the tertiary sector (1) Accept any other appropriate response	(3)

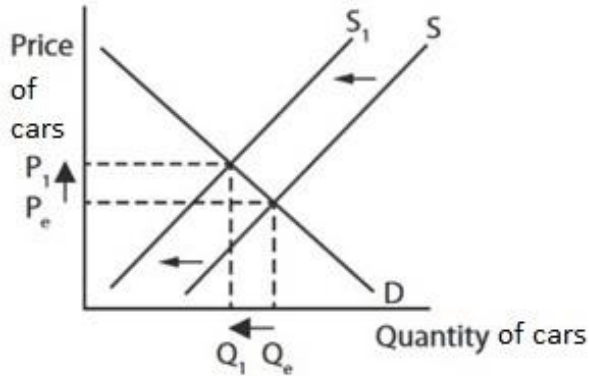
Question number	Explain one effect on the supply of rice following a change in its equilibrium price. Answer	Mark
2(g)	AO2 3 marks Award 1 mark for identifying a relevant effect Award 1 mark for developing the effect Award 1 mark for the response being in context • A price increase would increase the quantity supplied (1). An increase from \$2.20 to \$2.30 results in a higher quantity (1) because producers would increase profits (1) • A price decrease would decrease the quantity supplied (1). A decrease by \$0.10 results in a lower quantity (1) leading to a movement along the supply curve (1) Accept any other appropriate response	(3)

Question number	Using the diagram below, draw the likely effects on the market for electric cars following the introduction of a subsidy on electric cars. Label the new curve, the new equilibrium price and the new equilibrium quantity. Answer	Mark
1(g)	AO2 3 marks Award 1 mark for a rightward shift of the supply curve, labelled Award 1 mark for a lower equilibrium price, labelled Award 1 mark for a higher equilibrium quantity, labelled 	(3)

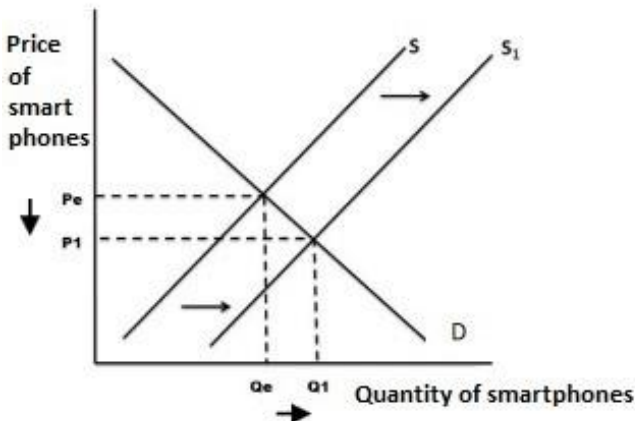
Question number	Explain one possible advantage of privatisation for consumers in Brazil. Answer	Mark
1(h)	AO2 3 marks Award 1 mark for identifying an advantage Award 1 mark for developing the response Award 1 mark for the response being in context • Consumers may benefit from lower prices (1) because a private firm is likely to want to be efficient (1) so it will aim to produce food at its lowest possible cost (1) • Better quality may be available to consumers (1) because private firms will aim to make a profit (1) meaning they need to retain customers by providing quality food products (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)

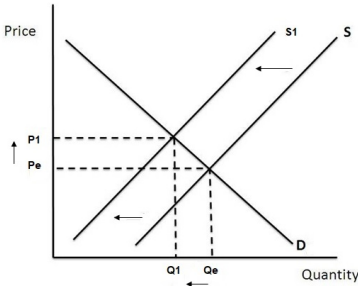
Question number	Explain one possible opportunity cost for Casper of this decision.	Mark
	Answer	
1(h)	AO2 3 marks Award 1 mark for identifying a relevant opportunity cost Award 1 mark for developing the opportunity cost Award 1 mark for the response being in context One opportunity cost is Casper may 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	Using the diagram below, draw the likely effect on the market for cars following a rise in the costs of raw materials. Label the new curve, the new equilibrium price and the new equilibrium quantity. Answer	Mark
1(g)	A02 3 marks Award 1 mark for a leftward shift of the supply curve, labelled Award 1 mark for a higher equilibrium price, labelled Award 1 mark for a lower equilibrium quantity, labelled 	(3)

Question number	Explain one reason why the CMA may have made this decision. Answer	Mark
1(h)	A02 3 marks Award 1 mark for identifying a relevant reason Award 1 mark for developing the reason Award 1 mark for the response being in context • In order to prevent monopoly power (1) and so promote competition (1) as a firm with over 60% of the market may be less likely to innovate (1) Accept any other appropriate response	(3)

Question number	Using the diagram below, draw the likely effect on the market for smartphones following an increase in productivity. Label the new curve, the new equilibrium price and the new equilibrium quantity.	Mark
1(g)	Answer AO2 3 marks Award 1 mark for a rightward shift of the supply curve, labelled Award 1 mark for a lower equilibrium price, labelled Award 1 mark for higher equilibrium quantity, labelled 	(3)

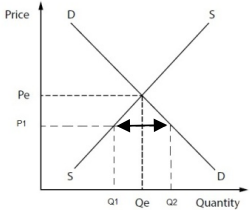
Question number	Explain one possible effect of this change in the pension age on the supply of labour.	Mark
1(h)	Answer AO2 3 marks Award 1 mark for identifying a relevant effect Award 1 mark for developing the effect Award 1 mark for the response being in context One effect would be an increase in the supply of labour (1) because fewer people would be able to afford to retire until they reached the retirement age (1) meaning more people up to the age of 64 would be available for work (1) Accept any other appropriate response	(3)

Question number	Indicative content
1(i)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 - The supply curve shows how much of a good that producers are willing and able to supply at different prices over time - Natural factors such as adverse weather could shift the supply curve inwards/to the left - Possible use of a diagram:  - Adverse weather such as a typhoon can reduce supply because it can make it more difficult (destroying property, equipment washed away) to supply and more expensive (costing one restaurant owner between HK\$300 000 and HK\$400 000) - If it is more difficult and/or more expensive to supply (the quantity supplied is likely to shift from Q_e to Q_1 on the diagram) - This will therefore result in an increase in the price (from P_e to P_1) if demand stays the same

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	Answer	Mark
2(a)	AO2 1 mark	
	D Most efficient	(1)

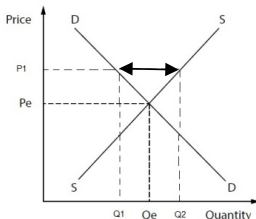
Question number	Answer	Mark
2(b)	AO1 1 mark	
	C Producer demand for labour to make goods	(1)

Question number	Answer	Mark
2(a)	AO2 1 mark A 	(1)

Question number	Answer	Mark
2(b)	AO1 1 mark B A factor of production	(1)

Question number	Answer	Mark
2(c)	AO1 1 mark Award 1 mark for correct formula in words/as an equation Total revenue minus total costs	(1)

Question number	Answer	Mark
2(d)	AO2 2 marks Award 1 mark for showing correct calculation $36 \div 30$ (1) Award 1 mark for correct price elasticity of supply (PES) $= 1.2$ (1) Award 2 marks if PES is correctly calculated as 1.2, even if no calculations are shown Do not award marks for the formula	(2)

Question number	Answer	Mark
2(a)	AO2 1 mark  C	(1)

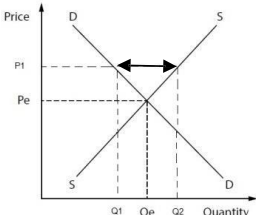
Question number	Answer	Mark
2(b)	AO1 1 mark D Use of expensive technology	(1)

Question number	Answer	Mark
2(c)	AO2 2 marks Award 1 mark for showing correct calculation $19 \div -10$ (1) Award 1 mark for correct price elasticity of demand (PED) $= -1.9$ (1) Award 1 mark if students show calculation and put 1.9 without the minus sign Award 2 marks if PED is correctly calculated as -1.9, even if no calculations are shown Do not award marks for the formula	(2)

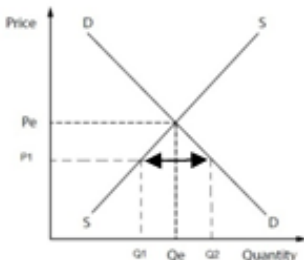
Question number	State one main feature of an oligopoly.	Mark
	Answer	
1(d)	AO1 1 mark Award 1 mark for a correct feature • Few firms • Large firms dominate • Different products • Barriers to entry • Collusion • Price competition • Non-price competition Accept any other appropriate response	(1)

Question number	Define the term excess supply	Mark
	Answer	
1(e)	AO1 1 mark Award 1 mark for a correct definition • Where supply is greater than demand Accept any other appropriate response	(1)

Question number	Calculate, to two decimal places, the price elasticity of supply (PES) for the firm. You are advised to show your working.	Mark
	Answer	
1(f)	A02 2 marks Award 1 mark for showing correct calculation 4.3%/3.7% (1) Award 1 mark for correct price elasticity of supply = 1.16 (1) Award 2 marks if price elasticity of supply is correctly calculated as 1.16, even if no calculations are shown Do not award marks for a formula	(2)

Question number	Which one of the following diagrams shows excess supply?	Mark
Answer		
2(a)	AO2 1 mark The only correct answer is:  C A is not correct because this shows excess demand B is not correct because this shows an increase in supply D is not correct because this shows a movement along the supply curve	(1)

Question number	Which one of the following is a feature of a monopoly?	Mark
Answer		
2(b)	AO1 1 mark The only correct answer is: C The firm is a price-maker A is not correct because there is only one firm B is not correct because there would only be one firm in a monopoly D is not correct because barriers to entry would be high in a monopoly	(1)

Question number	Which one of the following diagrams shows excess demand?	Mark
	Answer	
2(a)	AO2 1 mark The only correct answer is: A  B is not correct because this shows a movement along the demand curve C is not correct because this shows excess supply D is not correct because this shows a decrease in demand	(1)

Question number	Which one of the following is a feature of an oligopoly?	Mark
	Answer	
2(b)	AO1 1 mark The only correct answer is: C Different products are sold A is not correct because there are a few large firms in the market B is not correct because firms often collude D is not correct because there are some barriers to entry	(1)

Question number	Answer	Mark
4(a)	AO2 2 marks Award 1 mark for showing quantity demanded is 20 and quantity supplied is 50 and 1 mark for correct calculation of excess supply $50 - 20$ (1) = 30 (1) Award 2 marks if excess supply is correctly calculated, even if no lines are shown on diagram or calculation shown	(2)

Question number	Indicative content
4(b)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • Collusion between firms reduces competition and means firms cooperate with one another instead • Cooperation between firms often means they agree to fix prices and therefore restrict competition • Consumers would therefore pay higher prices for laptops and games consoles • If firms make more profit as a result, it will be harder for new firms to enter the market, making competition in the industry even less likely • Online electrical equipment firms may collude by restricting availability • This means they may only make a limited quantity of electrical items available, encouraging consumers to make more hasty purchasing decisions at higher prices

Question number	Answer	Mark
4(a)	A02 2 marks Award 1 mark for showing quantity demanded is 50 and quantity supplied is 20 and 1 mark for correct calculation of excess demand $50 - 20$ (1) = 30 (1) Award 2 marks if excess demand is correctly calculated to be 30, even if no lines are shown on diagram or calculation shown	(2)



Question number	Answer	Mark
1(e)	AO1 1 mark Award 1 mark for a correct definition A benefit to a third party Accept any other appropriate response	(1)

Question number	Answer	Mark
1(f)	AO2 2 marks Award 1 mark for showing correct calculation $6,000 - (1,200 + 1,450 + 1,625)$ (1) Award 1 mark for correct excess supply $= 1,725$ tour guides (1) Award 2 marks if excess supply is correctly calculated, even if no calculations are shown Do not award marks for the formula	(2)



Question number	Answer	Mark
4(a)	AO2 2 marks Award 1 mark for showing correct calculation $408 - (98 + 114 + 107)$ (1) Award 1 mark for correct excess supply $= 89$ seats (1) Award 2 marks if excess supply is correctly calculated as 89 seats 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 • The free rider problem is when a person enjoys the benefit of a good without paying for it • Street lighting is an example of a public good and it is provided by the government • It is non-excludable, meaning no one can be excluded from its consumption if they had not paid, there would be no reason for private individuals to pay for the street lighting • Consumption of street lighting by one person will not reduce the amount available for others; it has non-rivalry • Therefore, public goods, such as street lighting lead to the free rider problem because they would not be paid for by private individuals and as a result are paid by the government

Question number	Answer	Mark
4(a)	AO2 2 marks Award 1 mark for showing correct calculation $(4,200 + 6,000 + 3,250) - 9,600$ (1) Award 1 mark for correct excess demand $= 3,850$ tickets (1) Award 2 marks if excess demand is correctly calculated as 3,850 tickets 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 • In the public sector, the government provides goods and services in the economy • It places dependence on the state for production of goods and services whereas the majority of goods and services in the private sector are provided by private firms • The public sector in Cuba places a high degree of importance on the state controlling production, playing a key role in the provision of key public services such as; education, healthcare, social care and infrastructure • Many jobs are guaranteed by the state as shown by the 75% directly employed by the state • It is easier to provide much needed public goods • It is more able to monitor and control externalities

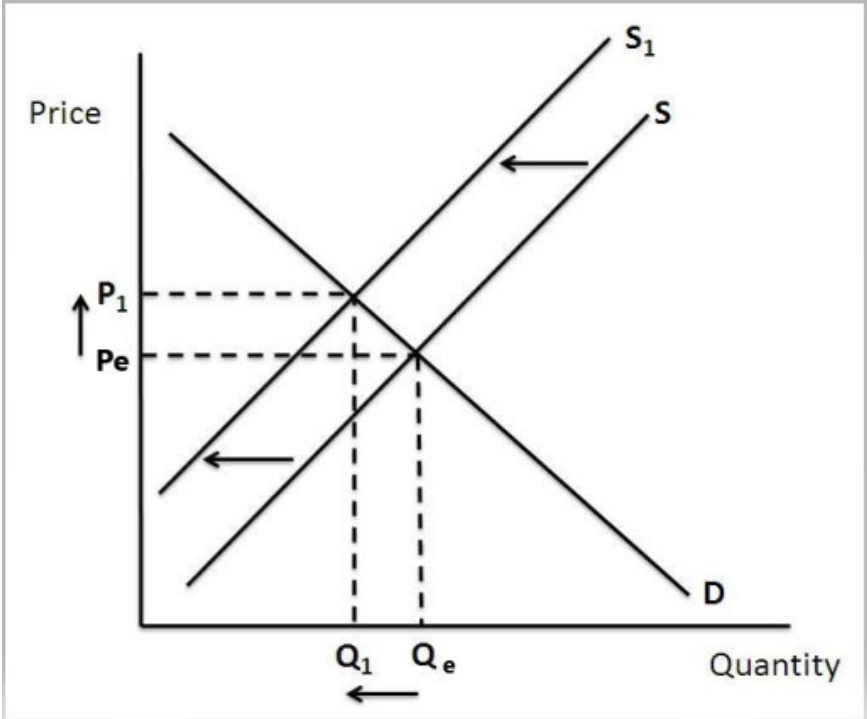
Question number	Calculate the excess demand for tickets if the quantity supplied for all three events totals 60,000. You are advised to show your working. Answer	Mark
4(a)	AO2 2 marks Award 1 mark for showing correct calculation $(22,200 + 21,000 + 20,250) - 60,000$ (1) Award 1 mark for correct excess demand 3,450 (1) Award 2 marks if excess demand is correctly calculated as 3,450 even if no calculations are shown Do not award marks for a formula	(2)

Question number	With reference to the data above and your knowledge of economics, analyse why the free rider problem has led to the Zambian Government providing the defence force. Indicative content
4(b)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • The free rider problem is when a person enjoys the benefit of a good without paying for it • The Zambian defence force is an example of a public good as it is provided by the government in Zambia • It is non-excludable, meaning no one can be excluded from benefitting from the defence even if they have not paid for its provision • Having the defence force increases the standard of living for citizens of Zambia but if left to the private sector to provide, individuals would not pay for it • One person benefitting from country's defence will not reduce the amount available for others; it has non-rivalry • Therefore, the free rider problem leads to the need for the provision of defence by the Zambian Government

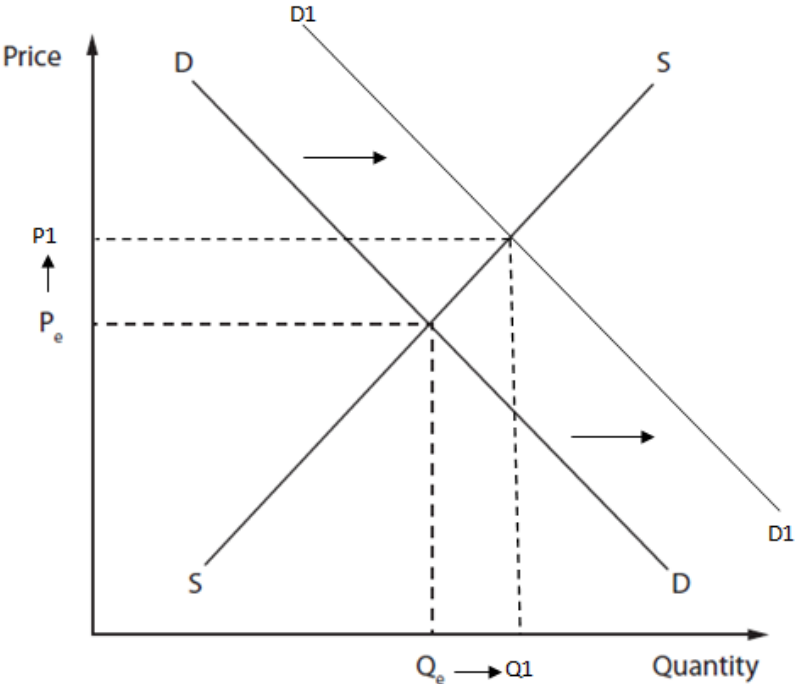
Question number	Calculate the excess supply of meals if the quantity supplied during these three days totalled 261. You are advised to show your working. Answer	Mark
4(a)	AO2 2 marks Award 1 mark for showing correct calculation $261 - (58 + 64 + 79)$ (1) Award 1 mark for correct excess supply $= 60$ (1) Award 2 marks if excess supply is correctly calculated as 60 even if no calculations are shown Do not award marks for a formula	(2)

Question number	With reference to the data above and your knowledge of economics, analyse the benefits of this type of market structure for airline passengers. Indicative content
4(b)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • An oligopoly is a market dominated by a few large firms • Airline passengers will have a choice over which airline they fly with because the firms in the oligopoly will be competing with one another to gain market share over their competitors • This means airlines such as Emirates may launch new routes or offer flights to different locations in order to attract more customers • Customers may also be offered lower prices and better quality of service • This is as a result of possible price wars between the airlines and/or non-price competition where the passenger's enjoyment of the flight is the focus of the airline when trying to increase custom

Question number	Calculate, the excess demand for the product for the first three months of 2024, if the quantity supplied during each month was 11,000 (33,000 in total). You are advised to show your working.	Mark
	Answer	
4(a)	AO2 2 marks Award 1 mark for showing correct calculation $(13,600 + 14,200 + 11,700) - 33,000$ (1) OR $39,500 - 33,000$ (1) Award 1 mark for correct excess demand $= 6,500$ (1) Award 2 marks if excess demand is correctly calculated as 6,500 even if no calculations are shown Do not award marks for the formula	(2)

Question number	Answer	Mark
1(g)	A02 3 marks Award 1 mark for leftward shift of supply, labelled Award 1 mark for higher equilibrium price, labelled Award 1 mark for lower equilibrium quantity, labelled 	(3)

Question number	Answer	Mark
1(h)	A02 3 marks Award 1 mark for identifying a relevant reason Award 1 mark for developing the reason Award 1 mark for the response being in the context of music concerts One reason is that there are no substitutes (1) if they want to see the artist performing live (1) the consumer will have no choice but to pay a high amount (1) Accept any other appropriate response	(3)

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

Question Number	With reference to the data above and your knowledge of economics, analyse how market forces can remove excess supply.
	Indicative content
3(d)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 - Excess supply is where supply is greater than demand and there are unsold products in the market - Market forces refer to supply and demand, as well as how they determine the allocation of scarce resources and price - Where there is excess supply at 10 000 Kip, price will fall as a result of supply being greater than demand - Therefore, at 10 000 Kip, eight LOCA drivers wanted to offer journeys but only four passengers wanted to buy - If drivers lowered their price to 8 000 Kip the excess supply would be removed - Demand rises as the price falls, until the equilibrium price of 8 000 Kip and the equilibrium quantity of six journeys is reached

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).

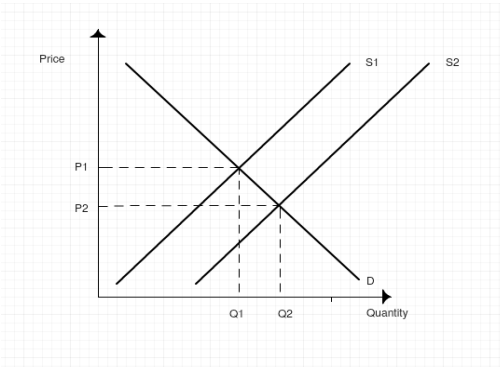


Question number	With reference to the data above and your knowledge of economics, analyse how the equilibrium price of tagines sold to tourists is determined.
	Indicative content
4(b)	A02 (3 marks)/A03 (3 marks) A02 and A03 - Equilibrium price is the price at which the quantity supplied equals the quantity demanded - Possible use of a diagram, explained The diagram shows the equilibrium price (P_e) at the point where the quantity supplied is equal to the quantity demanded (Q_e) - The increase in popularity of tagines bought by tourists means there is an increased demand at the markets visited by tourists, this would shift demand to the right - Therefore, producers are likely to be attracted to those markets in order to sell the tagines to tourists because the increase in demand would lead to them being able to charge a higher price - As the higher price attracts more producers, supply will increase until the point where an equilibrium is reached - At this point, the equilibrium price for tagines sold to tourists will be reached because it is the price where supply is equal to demand

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, analyse how market forces should remove excess demand.
	Indicative content
3(d)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • When excess demand occurs, there are not enough tickets available in the market • As not enough tickets are supplied at 1 500 krona, price will rise as a result of demand being greater than supply • Therefore, at 1 500 krona, 8,000 tickets would be demanded but only a maximum of 6,000 tickets would be available at an event • If the price increased to 2 000 krona, the excess demand would be removed • Demand falls as the price increases, until the equilibrium price of 2 000 krona and the equilibrium of 6,000 tickets is reached

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
2(h)	A02 (3 marks)/A03 (3 marks)/A04 (3 marks) A02 and A03 • Without the changes in technology, more parking spaces are demanded than supplied and demand is increasing • The introduction of Automated Parking Systems (APS) increases the supply of spaces and so should shift the supply curve to the right • Changes in technology allow the gap between demand and supply to be reduced. • The change in supply will also affect the equilibrium price, making parking cheaper and more available • Thus reducing the shortage of car parking spaces • Possible use of diagram  A04 • The increase in the number of vehicles may be faster than the increase in the supply of car parking spaces meaning there is still a shortage • There is already such a large excess in demand that the introduction of APS will not make much difference • It is likely to take time from the initial decision to having the APS in place, meaning the supply curve may not shift straight away • Some motorists do not like change or worry the technology will fail and may be averse to the idea of automated parking, therefore not use the APS

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	• 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). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness (AO4).
Level 2	4–6	• 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). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness (AO4).
Level 3	7–9	• 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). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness (AO4).

