



GuideMyGrades

— YOUR GOALS. OUR EXPERTISE. —

EDEXCEL INTERNATIONAL GCSE ECONOMICS: QUESTIONS BY TOPIC

Externalities (1.1.6)

International GCSE Economics · Paper 1: Microeconomics and Business Economics

28 questions · 82 marks · Mark schemes included

Past papers June 2019 - June 2025 · 3 specification sub-topics

 guidemygrades.com

 [@Guidemygrades](https://www.instagram.com/Guidemygrades)

 [@Guidemygrades](https://www.facebook.com/Guidemygrades)

 [@Guidemygrades](https://www.youtube.com/Guidemygrades)

 info@guidemygrades.com

 Piccadilly Business Centre, Unit C, Aldow Enterprise Park
Blackett Street, Manchester, M12 6AE

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.

QUESTION	SOURCE	MARKS	PAGE
1.1.6 (a-b) EXTERNAL COSTS		9 Qs · 32 marks	2
1. Q3(b)	IGCSE Paper 1 June 2021	1	3
2. Q1(e)	IGCSE Paper 1 June 2023	1	4
3. Q1(d)	IGCSE Paper 1 November 2024	1	6
4. Q3(b)	IGCSE Paper 1R June 2025	1	7
5. Q2(e)	IGCSE Paper 1R June 2019	2	8
6. Q1(c)	IGCSE Paper 1 November 2020	2	10
7. Q3(d)	IGCSE Paper 1R January 2023	6	12
8. Q3(e)	IGCSE Paper 1 January 2020	9	16
9. Q3(e)	IGCSE Paper 1 June 2022	9	19
1.1.6 (c-d) EXTERNAL BENEFITS		10 Qs · 39 marks	23
10. Q1(d)	IGCSE Paper 1 November 2020	1	24
11. Q1(e)	IGCSE Paper 1R November 2020	1	25
12. Q3(b)	IGCSE Paper 1 January 2023	1	27
13. Q2(c)	IGCSE Paper 1R June 2023	1	28
14. Q1(c)	IGCSE Paper 1 November 2024	2	29
15. Q2(f)	IGCSE Paper 1R June 2019	3	31
16. Q3(d)	IGCSE Paper 1R June 2022	6	32
17. Q3(d)	IGCSE Paper 1 November 2023	6	34
18. Q2(g)	IGCSE Paper 1R June 2019	9	38
19. Q3(e)	IGCSE Paper 1 June 2021	9	41
1.1.6 (e) SOCIAL COSTS AND BENEFITS		9 Qs · 11 marks	46
20. Q1(d)	IGCSE Paper 1 June 2019	1	47
21. Q2(d)	IGCSE Paper 1R January 2020	1	48
22. Q1(d)	IGCSE Paper 1 November 2021	1	49
23. Q1(d)	IGCSE Paper 1 June 2022	1	50
24. Q2(b)	IGCSE Paper 1R January 2023	1	51
25. Q3(b)	IGCSE Paper 1 June 2023	1	52
26. Q1(d)	IGCSE Paper 1 June 2025	1	53
27. Q2(d)	IGCSE Paper 1 June 2024	2	54
28. Q2(d)	IGCSE Paper 1R June 2024	2	55



QUESTIONS

28 questions · 82 marks · 3 sub-topics

SUB-TOPIC 1.1.6 (a-b)

EXTERNAL COSTS

Sub-topic 1.1.6 (a-b) · 9 questions · 32 marks · lowest tariff first



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)

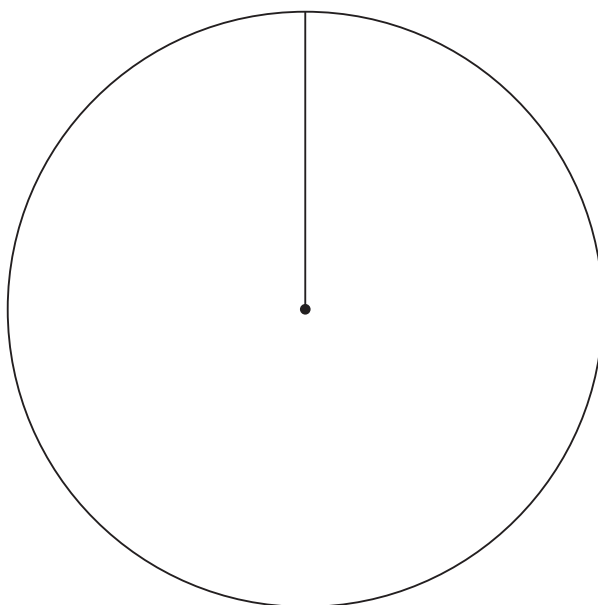


Figure 3

(c) What is meant by the term privatisation?

(2)

(d) State **one** reason why the government regulates competition in the economy.

(1)

(e) Define the term congestion.

(1)



Figure 2 shows some of the monthly production costs for a firm which makes furniture.

Production costs	€
Rent	30 000
Raw materials	16 500
Insurance	7 000
Labour (payment depends on output)	95 000

Figure 2

- (f) Calculate the **total variable costs** for the firm each month. You are advised to show your working.

(2)

.....

.....

.....

.....

.....

.....



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

(2)

.....

.....

.....

.....

.....

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

(1)

.....

.....

.....

(e) Define the term takeover.

(1)

.....

.....

.....



- 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)

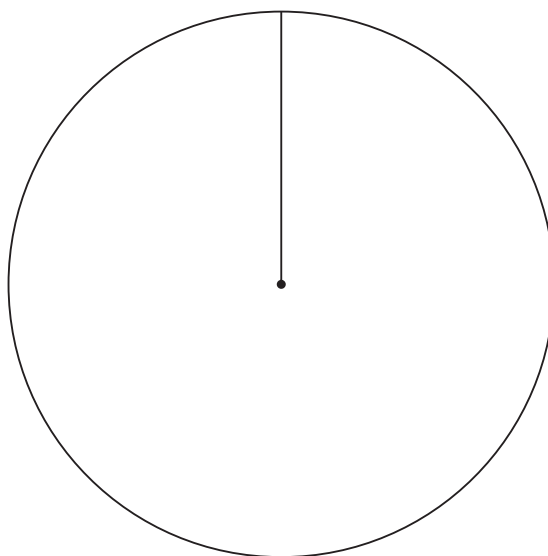


Figure 4

France is a developed country.

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

(3)

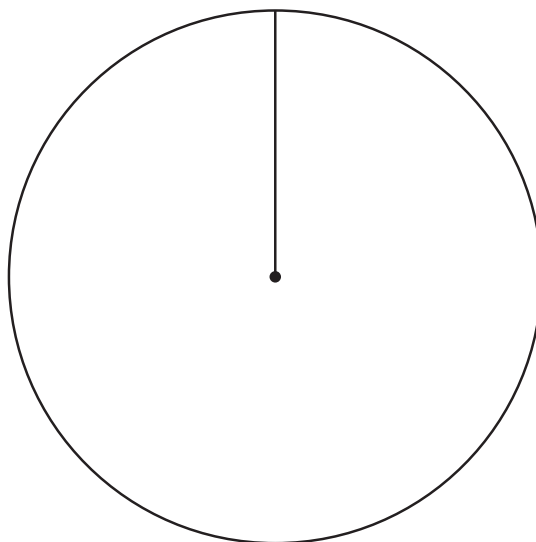


Figure 2

- (d) Define the term free rider.

(1)

.....

.....

.....

- (e) Describe **one** reason why congestion is an example of an external cost.

(2)

.....

.....

.....

.....

.....

.....

Who should have the flu injection?

Flu is an unpredictable virus that can cause mild or unpleasant illness in most people. It can cause severe illness and even death among vulnerable groups, including older people, pregnant women and people with other health problems. These groups may, therefore, receive a free vaccination in the UK, to ensure they are protected against the virus. Although most people receive their vaccination from a public sector doctor, the UK Government has to pay private sector pharmacies to also provide this service. The cost to the UK Government of funding these vaccinations is over £100m per year.

(Source: adapted from <https://www.nhs.uk/conditions/vaccinations/who-should-have-flu-vaccine/>)

- (f) Explain **one** possible reason why the UK Government pays private sector pharmacies to provide the flu vaccination.

(3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



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

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

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

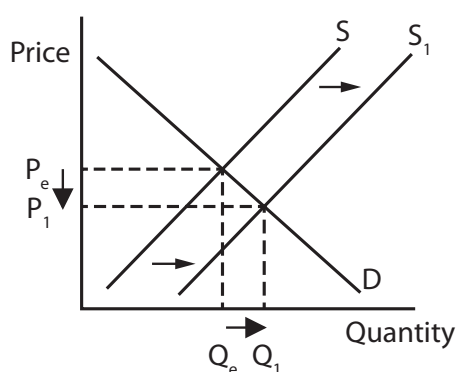
(1)

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

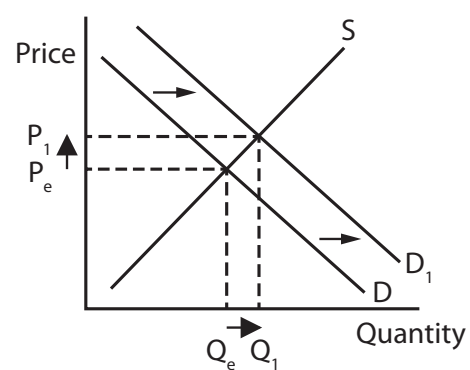
- (b) Which **one** of the following options shows the effects on the market for motorcycle helmets after a fall in the price of motorcycles?

(1)

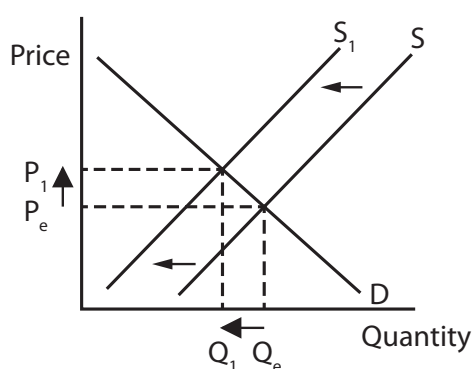
☒ **A**



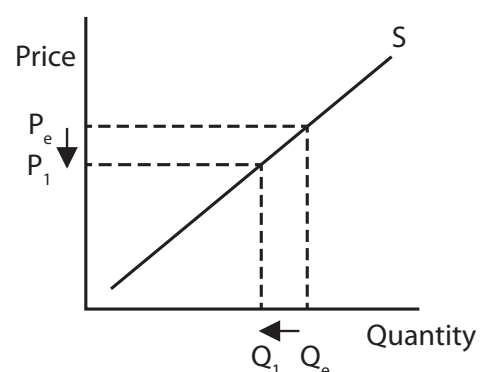
☒ **B**



☒ **C**



☒ **D**



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

(2)

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

(1)

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

(e) Define the term wants.

(1)



3 (a) Which **one** of the following is the definition of a merger?

(1)

- ☐ **A** The joining together of two firms
- ☐ **B** The transfer of ownership from the government
- ☐ **C** The takeover of one firm by another firm
- ☐ **D** The creation of a competitive market

(b) Which **one** of the following is a reason why a government would introduce a minimum wage?

(1)

- ☐ **A** To increase the benefits paid by a government
- ☐ **B** To reduce the motivation of workers
- ☐ **C** To close the income gap between the rich and the poor
- ☐ **D** To ensure producers increase their profits

(c) On the blank pie chart below, draw and label the likely approximate size of employment in the primary (P), secondary (S) and tertiary (T) sectors for a developed country, such as Japan.

(3)

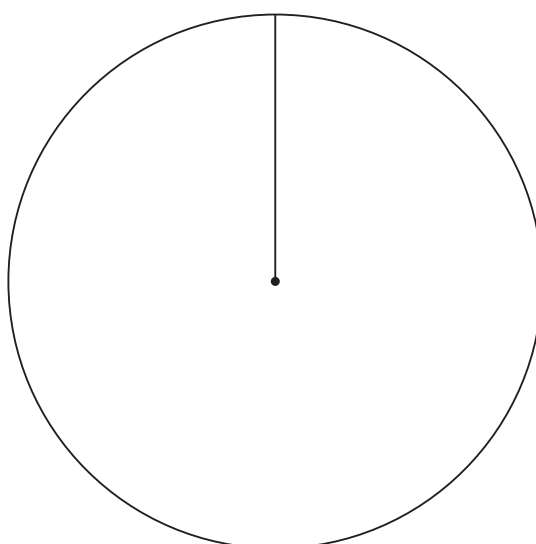


Figure 5

(Source adapted from: <https://architectureau.com/articles/tallest-residential-tower-in-sydney-approved/>)

- (6)





Dubai in the UAE has a population of more than 2.5 million people. Immigrant workers make up over 80% of this population. Many of the immigrants provide construction, cleaning or care services.

(Source adapted from: <https://www.futurelearn.com/info/courses/migration-theories/0/steps/35094>)

- (e) With reference to the data above and your knowledge of economics, assess the benefits to Dubai of employing such a high proportion of migrant labour.

(9)

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.

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

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

(3)

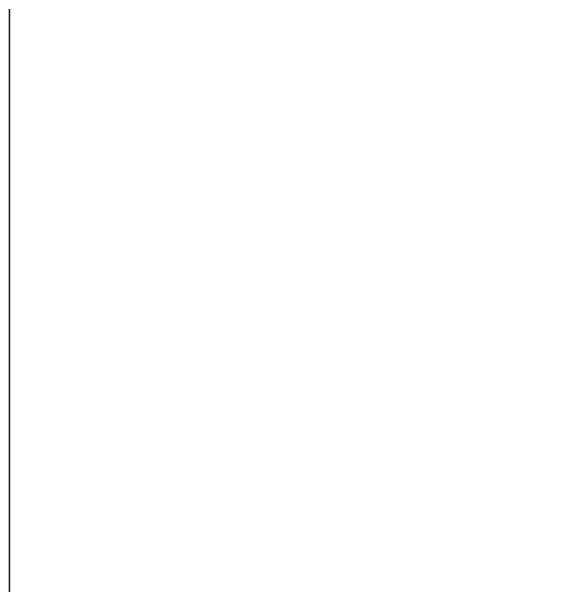


Figure 2

There are many reasons for firework displays. The 'bang', 'pop' and 'whizz' sounds, along with wide-ranging displays of colourful sparks are used to celebrate religious festivals and historical occasions, as well as private and public events. Some events charge an entry fee but people are still able to see and hear the fireworks without entering the venues. Former military personnel have complained this can bring back negative memories relating to war experiences. It can also disturb animals that are frightened by the loud noises.

- (e) With reference to the data above and your knowledge of economics, assess whether fireworks have more negative than positive externalities.

(9)

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 or typing. There are no margins, text, or other markings on the page.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 3 = 20 marks)



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

(1)

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

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

(1)

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

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

(3)

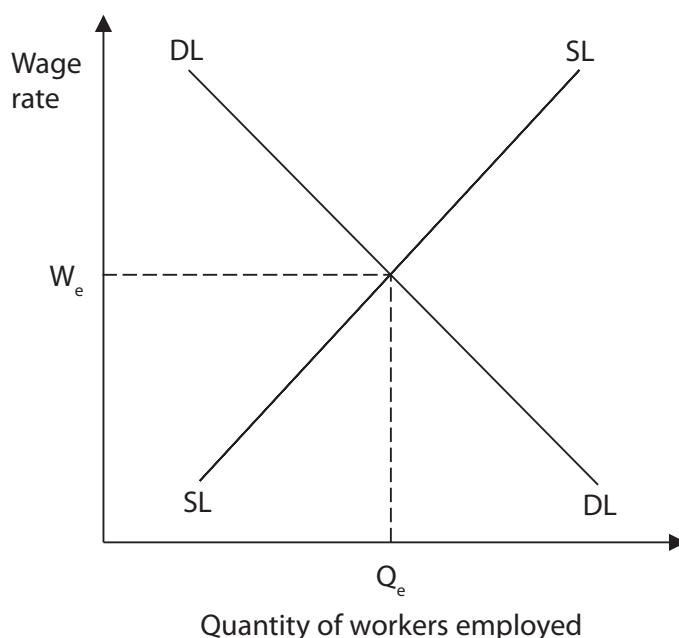


Figure 3

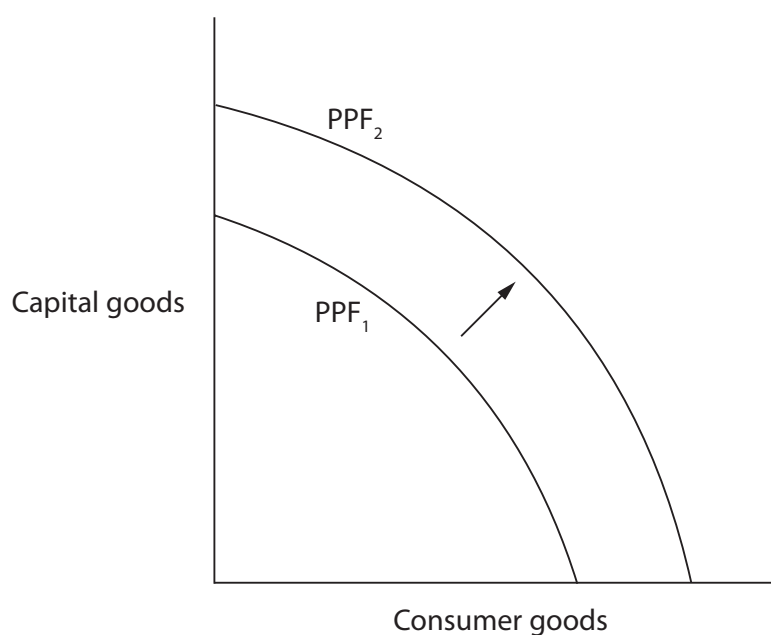
**Figure 4**

Figure 4 shows an outward shift in the production possibility frontier (PPF) for Zambia in 2019. Agriculture, construction and copper production are some of the main areas that contribute to the economy of Zambia.

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

(6)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

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

(Total for Question 3 = 20 marks)

SUB-TOPIC 1.1.6 (c-d)

EXTERNAL BENEFITS

Sub-topic 1.1.6 (c-d) · 10 questions · 39 marks · lowest tariff first



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

(2)

.....

.....

.....

.....

.....

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

(1)

.....

.....

.....

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

(e) Define the term wants.

(1)

.....

.....

.....



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

(2)

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

(1)

(e) Define the term external benefit.

(1)



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)

.....

.....

.....

.....

.....

.....

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

(1)

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

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

(1)

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

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

(3)



Figure 3



- 2 (a) Which **one** of the following is the formula to calculate price elasticity of supply (PES)?

(1)

- ☐ **A** $\frac{\text{Percentage change in quantity demanded}}{\text{Percentage change in price}}$
- ☐ **B** $\frac{\text{Percentage change in price}}{\text{Percentage change in quantity demanded}}$
- ☐ **C** $\frac{\text{Percentage change in quantity supplied}}{\text{Percentage change in price}}$
- ☐ **D** $\frac{\text{Percentage change in price}}{\text{Percentage change in quantity supplied}}$

A court in China ordered a firm to pay 10 000 Yuan because it polluted a local river.

- (b) This is an example of which **one** of the following?

(1)

- ☐ **A** A fine
- ☐ **B** A permit
- ☐ **C** A subsidy
- ☐ **D** A tax

- (c) State **one** example of an external benefit.

(1)

.....

.....

.....

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?

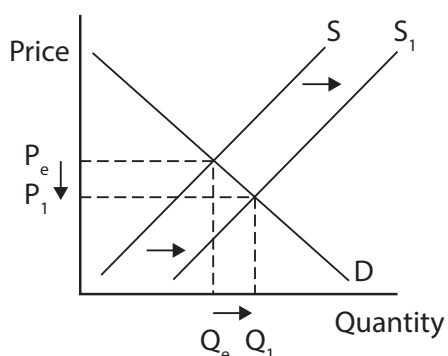
(1)

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

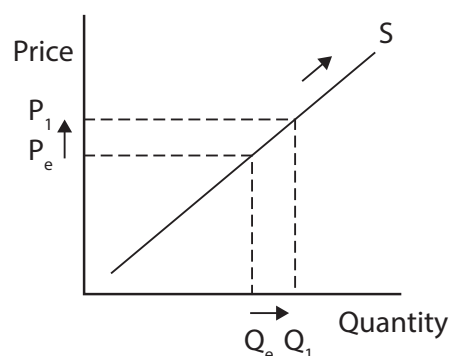
- (b) Which **one** of the following diagrams shows the likely effect on the market for cars after an increase in subsidies to car manufacturers?

(1)

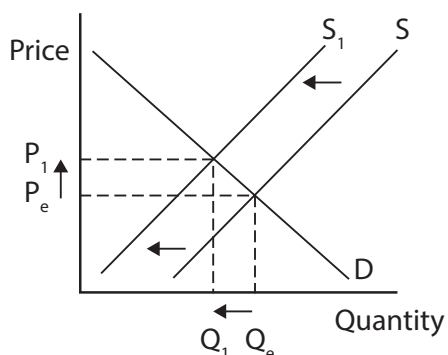
☒ **A**



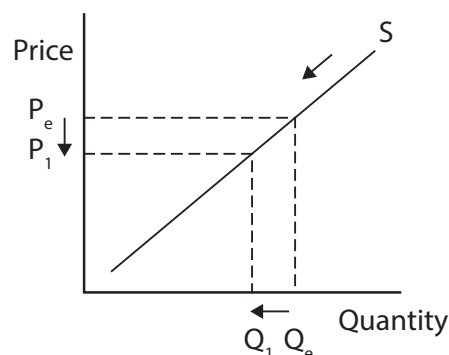
☒ **B**



☒ **C**



☒ **D**



1 (c) What is meant by the term external benefit?

(2)

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

(1)

(e) Define the term takeover.

(1)



Who should have the flu injection?

Flu is an unpredictable virus that can cause mild or unpleasant illness in most people. It can cause severe illness and even death among vulnerable groups, including older people, pregnant women and people with other health problems. These groups may, therefore, receive a free vaccination in the UK, to ensure they are protected against the virus. Although most people receive their vaccination from a public sector doctor, the UK Government has to pay private sector pharmacies to also provide this service. The cost to the UK Government of funding these vaccinations is over £100m per year.

(Source: adapted from <https://www.nhs.uk/conditions/vaccinations/who-should-have-flu-vaccine/>)

- (f) Explain **one** possible reason why the UK Government pays private sector pharmacies to provide the flu vaccination.

(3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



3 (a) Which **one** of the following is a reason why a firm may decide to stay small?

(1)

- ☐ **A** To increase bureaucracy
- ☐ **B** To sell a niche product
- ☐ **C** To spread business risk
- ☐ **D** To take over competitors

(b) The introduction of a minimum wage above the equilibrium wage in a labour market is most likely to

(1)

- ☐ **A** increase quantity of labour demanded and decrease the wage rate
- ☐ **B** increase quantity of labour demanded and increase the wage rate
- ☐ **C** decrease quantity of labour demanded and decrease the wage rate
- ☐ **D** decrease quantity of labour demanded and increase the wage rate

(c) On the diagram below, draw and label economies of scale, diseconomies of scale and the point at which the firm is most efficient.

(3)

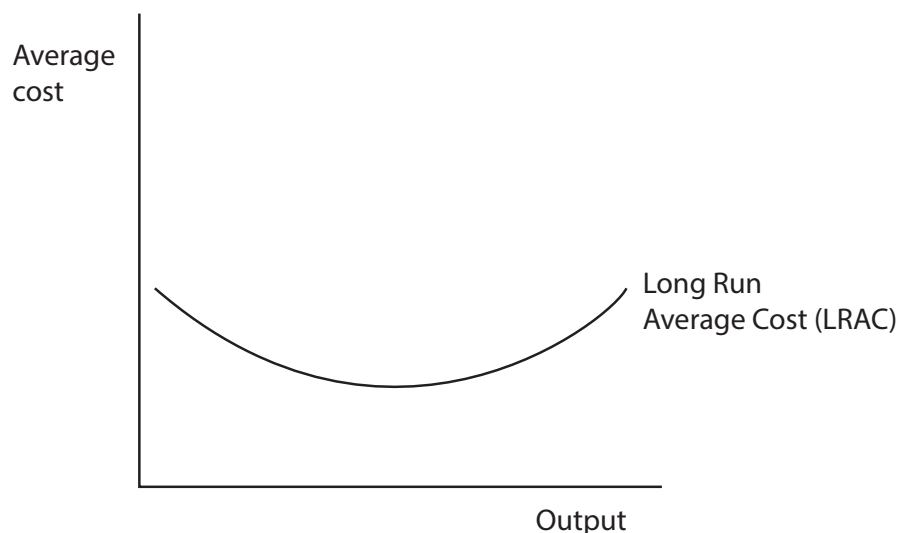


Figure 4



Simona owns a hairdressing business in Romania. She charges low prices and makes no charge when customers arrive late for appointments or make very late cancellations. She thinks customer care is more important than making a profit.

However, some customers have complained at having to wait weeks before an appointment is available. As a result, Simona has lost customers. This has caused financial problems in repaying a loan to the bank.

In response, Simona is considering increasing her prices and charging a fee to those who arrive late or cancel without suitable notice.

- (e) With reference to the data above and your knowledge of economics, assess the benefits to Simona of making these changes.

(9)

[illegible]

France is a developed country.

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

(3)

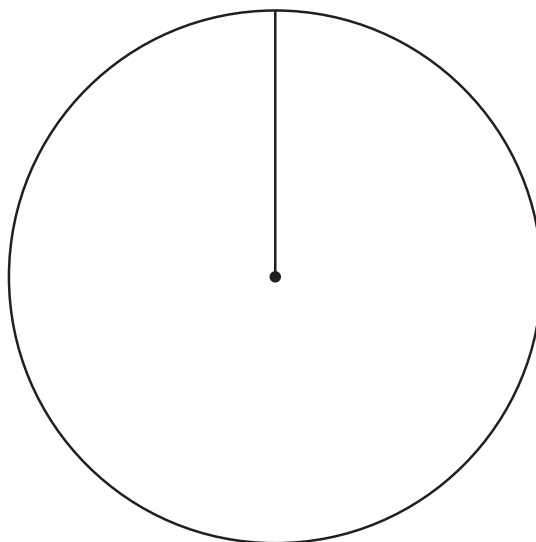


Figure 2

- (d) Define the term free rider.

(1)

.....

.....

.....

- (e) Describe **one** reason why congestion is an example of an external cost.

(2)

.....

.....

.....

.....

.....

.....

(9)



.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 2 = 20 marks)



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)

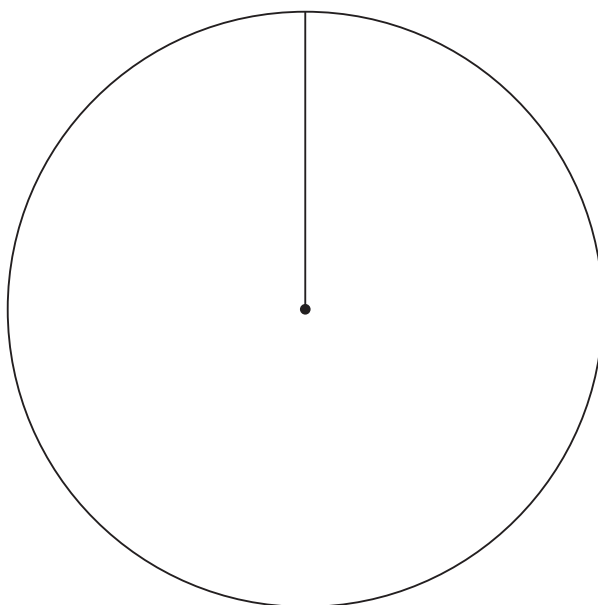


Figure 3



(9)



.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 3 = 20 marks)



SUB-TOPIC 1.1.6 (e)

SOCIAL COSTS AND BENEFITS

Sub-topic 1.1.6 (e) · 9 questions · 11 marks · lowest tariff first



(d) State the formula for social costs.

(1)

(e) Define the term tertiary sector.

(1)

Figure 1 shows the costs of production per month for a firm making 2,000 units.

Quantity	Total fixed costs	Total variable costs
2,000	\$7 340	\$4 760

Figure 1

(f) Calculate the average cost per unit for the firm when it makes 2,000 units. You are advised to show your working.

(2)

(b) Which **one** of the following is most likely to create a barrier to entry?

(1)

- ☐ A Government provides subsidies for new firms
- ☐ B Increasing personal incomes in the economy
- ☐ C Low start-up costs
- ☐ D Use of expensive technology

(c) Calculate the **price elasticity of demand (PED)** for a product if price falls by 10% and quantity demanded increases by 19%. You are advised to show your working.

(2)

.....

.....

.....

.....

.....

.....

(d) State the formula for social benefits.

(1)

.....

.....

.....

(e) Define the term consumer.

(1)

.....

.....

.....

1 (d) State the formula for calculating social costs.

(1)

(e) Define the term producer.

(1)

A firm has total fixed costs of \$50 000 per month and variable costs of \$250 per unit. It produces 750 units per month.

(f) Calculate the **total costs per month** for the firm. You are advised to show your working.

(2)



(d) State the formula for social benefits.

(1)

(e) Define the term niche market.

(1)

Greg produces pottery at a small factory in his local area. At the start of the year price increased by 5.4% and quantity supplied increased by 4.7%.

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

(2)



- 2 The income elasticity of demand (YED) for a product can be calculated by using the information in Figure 3.

Change in quantity demanded	4.6%
Change in income	2%

Figure 3

- (a) Which **one** of the following options best describes the demand for the product?

(1)

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

- (b) Which **one** of the following is the formula for social benefits?

(1)

- ☐ **A** Private costs + private benefits
- ☐ **B** Private benefits – private costs
- ☐ **C** Private benefits + external benefits
- ☐ **D** Private costs – external costs

3 Income elasticity of demand (YED) for a product is -0.43 and the price elasticity of demand (PED) for the same product is -0.27 .

(a) The data above shows that the product is

(1)

- ☐ A an inferior good and demand is price inelastic
- ☐ B an inferior good and demand is price elastic
- ☐ C a normal good and demand is price inelastic
- ☐ D a normal good and demand is price elastic

(b) The formula for social benefits is

(1)

- ☐ A private costs + private benefits
- ☐ B private benefits – private costs
- ☐ C private benefits + external benefits
- ☐ D private costs – external costs

1 (d) State the formula for social costs.

(1)

(e) Define the term producer.

(1)

A firm has total fixed costs of €37 000 per month and variable costs of €170 per unit. It produces 650 units per month.

(f) Calculate the **total costs per month** for the firm. You are advised to show your working.

(2)



- (c) Calculate the **percentage change in quantity demanded** for a product if the price elasticity of demand (PED) is -1.9 and the price falls by 10%. You are advised to show your working.

(2)

- (d) What is meant by the term social benefits?

(2)

- (e) Describe **one** feature of an oligopoly.

(2)



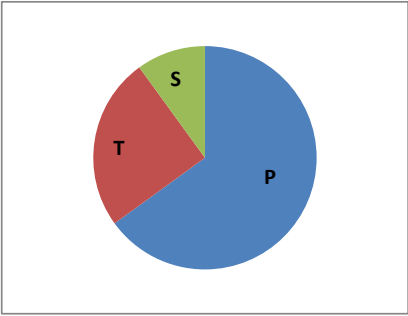
MARK SCHEMES

official mark schemes, in the same order as the questions



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	State one reason why the government regulates competition in the economy. Answer	Mark
1(d)	AO1 1 mark Award 1 mark for a correct reason • To promote competition • To limit monopoly power • To protect consumer interests • To control mergers and takeovers Accept any other appropriate response	(1)

Question number	Define the term congestion. Answer	Mark
1(e)	AO1 1 mark Award 1 mark for a correct definition A situation where a place is crowded Accept any other appropriate response	(1)

Question number	Calculate the total variable costs for the firm each month. You are advised to show your working. Answer	Mark
1(f)	AO2 2 marks Award 1 mark for showing correct calculation €16 500 + €95 000 (1) Award 1 mark for correct total variable costs €111 500 (1) Award 2 marks if total variable costs per month are correctly calculated as €111 500, even if no calculations are shown Award 1 mark for 111 500 with or without calculations shown Do not award marks for a formula	(2)

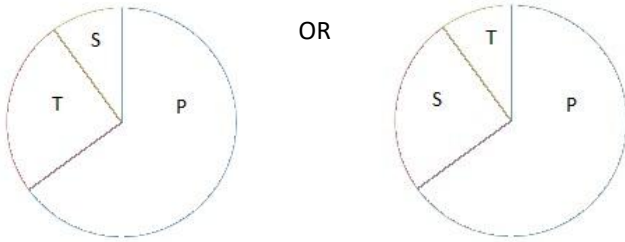
Question number	State one example of an external cost.	Mark
	Answer	
1(d)	AO1 1 mark Award 1 mark for a correct example • Pollution • Congestion • Environmental damage Accept any other appropriate response	(1)

Question number	Define the term takeover.	Mark
	Answer	
1(e)	AO1 1 mark Award 1 mark for a correct definition When one firm takes control of another firm Accept any other appropriate response	(1)

Question number	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.	Mark
	Answer	
1(f)	AO2 2 marks Award 1 mark for showing correct calculation $-3.7\% / -9.4\%$ (1) Award 1 mark for correct PES $= 0.39$ (1) Award 2 marks if PES is correctly calculated as 0.39 even if no calculations are shown Award 1 mark if PES is calculated as 0.39%, even if no calculations are shown Do not award marks for the formula	(2)

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)

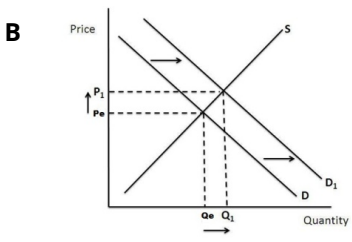
Question number	On the blank pie chart below, draw and label the appropriate sizes of the primary (P), secondary (S) and tertiary (T) sectors for a developing country such as Nepal.	Mark
	Answer	
3(c)	AO2 3 marks Award 1 mark for the primary sector (P) being the biggest (1) Award 1 mark for the primary 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
2(d)	AO1 1 mark Award 1 mark for reference to a person using a common resource they have not paid for A person who takes advantage of a common resource without paying for it	(1)

Question number	Answer	Mark
2(e)	AO1 2 marks Award 1 mark for reference to the reason and 1 mark for development of the reason Congestion causes pollution (1) which harms the health of third parties such as pedestrians (1) Accept any other appropriate response	(2)



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

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

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

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

Question number	With reference to the data above and your knowledge of economics, analyse the possible external costs that may occur during the building of the residential tower.
	Indicative content
3(d)	A02 (3 marks)/A03 (3 marks) A02 and A03 • External costs are negative impacts on third parties • Local people and workers in the city's business district could suffer from negative externalities as a result of the tower being built • Negative externalities include noise pollution, air pollution, congestion and overcrowding • Building the tower is likely to be noisy, create dust and require an excess of vehicles in the area • This means that building the tower is likely to lead to negative externalities • Neither the producers nor the consumers would be the ones suffering from the pollution and congestion

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 (A02). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (A03).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (A02). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (A03).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (A02). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (A03).

Question number	Indicative content
3(e)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 • Externalities are the spillover effects of consumption or production • Negative externalities occur when a cost is imposed on a third party by those organising or paying to attend fireworks displays • Some former military personnel experience negative externalities because they suffer from being reminded about experiences as a result of the loud noises even though they are not choosing to be consumers of the fireworks • This means the fireworks are providing a negative externality/external cost to these former military personnel as well as to animals that are frightened by the 'bang', 'pop' and 'whizz' sounds • As firework displays may take place for many reasons, private and public events and to celebrate religious occasions, the negative externality may be experienced at many times of year AO4 • However, people who see and hear fireworks without paying to attend a display or intentionally being a consumer, may be experiencing external benefits • Positive externalities occur when a benefit is enjoyed by a third party • People away from the fireworks display may enjoy watching the colourful sparks in the sky but not the 'bang', 'pop' and 'whizz' noises • It is possible that a third party may experience both positive and negative externalities at different times • It may depend how long the fireworks last, the time of day they are displayed or how close they are to the third party



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).

Question number	Indicative content
3(e)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 • External costs are negative spillover effects of consumption or production • Brick production creates an external cost because it affects third parties in a negative way • This is because it emits smoke and dust into the air which is then breathed in by people in Bangladesh • Demand for bricks is increasing, causing an increase in air pollution • The health of children and the elderly can be affected by this pollution but they are not involved in the production of bricks • Government may have to increase spending on health provision • Brick production contributes considerably to Bangladesh's severe air pollution problem, creating an external cost AO4 • However, many people in Bangladesh will be customers of the construction industry and the bricks produced • Therefore, these people are not necessarily third parties and so costs of producing bricks may not be external costs (they create private benefits too) • It is sometimes difficult to quantify the external costs and so impossible to know whether the elderly or those with a heart condition have been negatively affected by the costs of producing bricks • Over one million people are employed in the brick production industry in Bangladesh • Therefore, it could be argued the extent to which the costs of producing bricks in Bangladesh are external, is limited

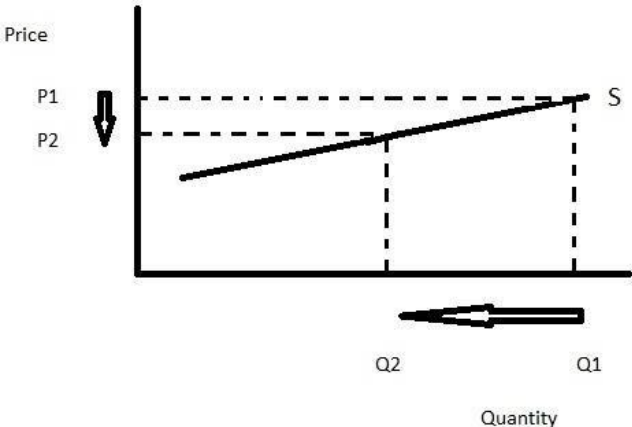
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation 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).

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

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

Question number	Draw a supply curve on the diagram below that has price elastic supply (PES). Label the impact of a price change from P_1 to P_2 and its impact on quantity from Q_1 to Q_2. Answer	Mark
3(c)	A02 3 marks Award 1 mark for drawing elastic supply curve, labelled Award 1 mark for showing smaller price change from P_1 to P_2 on the axis Award 1 mark for showing a greater change in the quantity Q_1 to Q_2 on the axis  (3)	

Question number	Which one of the following is the formula to calculate price elasticity of supply (PES)? Answer	Mark
2(a)	AO1 1 mark The only correct answer is: C <u>Percentage change in quantity supplied</u> Percentage change in price A is not correct because this is the formula for PED B is not correct because this does not relate to PES D is not correct because this formula is not used in economics	(1)

Question number	A court in China ordered a firm to pay 10 000 Yuan because it polluted a local river. This is an example of which one of the following? Answer	Mark
2(b)	AO2 1 mark The only correct answer is: A A fine B is not correct because this would give a firm permission to do something C is not correct because this would encourage production due to reducing cost D is not correct because this is added to production costs or sale price	(1)

Question number	State one example of an external benefit. Answer	Mark
2(c)	AO1 1 mark Award 1 mark for an example of an external benefit • Education • Healthcare • Vaccinations Accept any other appropriate response	(1)

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

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

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

Question number	Answer	Mark
2(f)	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 the context of health care • One reason is that there may not be enough doctors available in the public sector to administer the vaccination (1) meaning pharmacies in the private sector are needed to help meet the high demand (1) if the government is to fulfil its aim of protecting the vulnerable groups (1) Accept any other appropriate response	(3)

Question number	Indicative content
3(d)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • External benefits are positive spillover effects from the production or consumption of a good/service which allow third parties to benefit • Vaccinations such as the MMR would provide an external benefit to people who do not receive the vaccination because there is less chance of contracting measles, mumps or rubella • This is because if more people are vaccinated with MMR, there is less chance of them passing on the diseases • Therefore there would be fewer people in England with measles, mumps or rubella, even if they did not receive the vaccination themselves • The NHS would prefer more children to have the vaccination because it would reduce the spread of disease • A healthier workforce would lead to higher levels of production

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 why education in Japan may be an external benefit.
	Indicative content
3(d)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • External benefits are positive spillover effects from the production or consumption of a good/service which allow third parties to benefit • Education, such as the system provided in Japan would provide an external benefit to people who do not receive the education themselves • This is because students may do socially useful or highly skilled jobs in the future • Therefore, productivity will be higher and so will the standard of living for society, in a country such as Japan • As a result, future generations may benefit from the consumption of education by others, even if they did not receive (a high standard of) education themselves

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(g)	A02 (3 marks)/A03 (3 marks)/A04 (3 marks) A02 and A03 • Private benefits + external benefits = social benefits • The flu injection is given to the most vulnerable groups because they are more likely to require further healthcare if they became ill from flu • This further healthcare would also be a cost to the UK Government, and so it may be cheaper to prevent the problem with the vaccination in the first place • By reducing the number of people who become ill from the flu, further health care costs may be avoided as there is less risk of the illness spreading • By keeping people healthy, they are more likely to be able to continue working and contribute to the output of the economy A04 • The money spent on the vaccinations could be used for other healthcare needs • It may be difficult to distinguish between the groups most in need of the vaccination, so not everyone receives the injection • The vaccination may not work so health care costs may still rise • It is difficult to quantify the costs and external benefits • It depends on other factors whether people become ill

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).

Question Number	With reference to the data above and your knowledge of economics, assess the benefits to Norway of the government funding all education. Indicative content
3(e)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 • Private benefits + external benefits = social benefits • Education is an external benefit because it has a positive spillover effect • This means that the students who gain education at universities in Norway can benefit third parties in the future • This is because the students can obtain more highly skilled jobs as a result of the education, which can be beneficial to the wider society • As a result, the standard of living in a country, such as Norway, may be better and productivity may be higher • Unemployment may therefore be reduced, as shown by the low rate in Norway, meaning there would be fewer costs to the government, and so it may be cheaper to pay for the education instead of welfare benefits AO4 • There could be an opportunity cost. The money spent on education could be used for other needs such as healthcare • It will take time for the benefits of education to be enjoyed by others in the country • The students may not stay in Norway, meaning the benefits are enjoyed elsewhere and the cost is not offset by future social benefits • It is sometimes difficult to quantify and to give a monetary value to external benefits • It depends on other factors whether students become employed in successful jobs which can benefit society

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).

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(d)	AO1 1 mark Award 1 mark for correct formula Private benefits + external benefits Accept any other appropriate response	(1)

Question number	Answer	Mark
2(e)	AO1 1 mark Award 1 mark for a correct definition The end user/a person who makes a purchase for their own use Accept any other appropriate response	(1)

Question number	Answer	Mark
2(f)	AO1 2 marks Award 1 mark for reference to the factor and 1 mark for development of the factor - The firm may be able to access more finance (1) therefore it can spend more on advertising (1) - The firm may wish to take over competitors (1) so it may gain more customers (1) Accept any other appropriate response	(2)



Question number	Answer	Mark
1(a)	AO1 1 mark The only correct answer is: D They may complete charitable work A is not correct because this would maximise their profit B is not correct because this may help to maximise their profit C is not correct because this alone does not determine profitability	(1)

Question number	Answer	Mark
1(b)	AO2 1 mark The only correct answer is: B A normal good A is not correct because it has nothing to do with YED C is not correct because the YED will be greater than 1 D is not correct because the YED will be negative	(1)

Question number	Answer	Mark
1(c)	AO1 2 marks Award 1 mark for reference to the amount of output and 1 mark for reference to the input The amount of output produced (1) in relation to the resources used (1) Accept any other appropriate response	(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
1(a)	AO1 1 mark The only correct answer is: C Enterprise A is not correct because it is not a resource used in production B is not correct because it is not used to produce goods/services D is not correct because it is consumed by diners	(1)

Question number	Answer	Mark
1(b)	AO2 1 mark The only correct answer is: D \$3 200 000 A is not correct because this is $\\$160 \times \\$120$ B is not correct because this is $20\,000 + \\$160$ C is not correct because $20\,000 \times \\$120$	(1)

Question number	Answer	Mark
1(c)	AO1 2 marks Award 1 mark for reference to an increase in demand and 1 mark for reference to increased income Goods for which demand will increase (1) as incomes increase (1) OR Goods for which demand will decrease (1) as incomes decrease (1) Accept any other appropriate response	(2)

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



Question number	Which one of the following options best describes the demand for the product? Answer	Mark
2(a)	A02 1 mark The only correct answer is: B Luxury A is not correct because the percentage changes are not the same C is not correct because the percentage change in quantity is positive D is not correct because the percentage change in quantity is greater than the percentage change in income	(1)

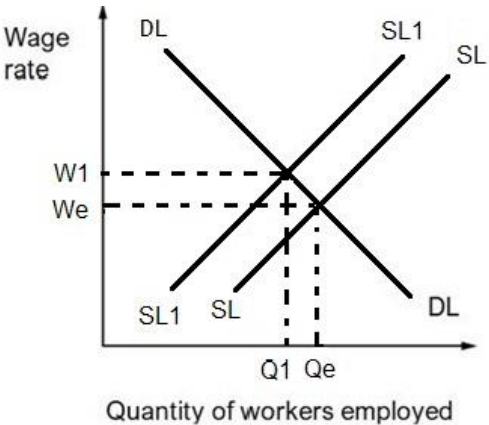
Question number	Which one of the following is the formula for social benefits? Answer	Mark
2(b)	A01 1 mark The only correct answer is: C Private benefits + external benefits A is not correct because it does not include any third-party effects B is not correct because it includes costs D is not correct because this is not the formula used to calculate social benefits	(1)

Question number	What is meant by the term trade union? Answer	Mark
2(c)	A01 2 marks Award 1 mark for reference to an organisation for employees and 1 mark for reference to protecting the interests of members An organisation for employees (1) that aims to protect the interests of its members (1) Accept any other appropriate response	(2)

Question number	Income elasticity of demand (YED) for a product is -0.43 and the price elasticity of demand (PED) for the same product is -0.27. The data above shows that the product is Answer	Mark
3(a)	AO1 1 mark The only correct answer is: A an inferior good and demand is price inelastic B is not correct because PED is less than -1, not greater than -1 C is not correct because YED is negative D is not correct because the PED would need to be greater than -1	(1)

Question number	The formula for social benefits is Answer	Mark
3(b)	AO1 1 mark The only correct answer is: C private benefits + external benefits A is not correct because it does not include any third-party effects B is not correct because it includes costs D is not correct because this is not a formula used to calculate social benefits	(1)



Question number	On the diagram below, draw the effects of a decrease in the retirement age on the labour market in a country. Label the new curve, the new equilibrium wage rate and the new equilibrium quantity of workers employed. Answer	Mark
3(c)	A02 3 marks Award 1 mark for leftward shift of labour supply, labelled Award 1 mark for higher equilibrium wage rate, labelled Award 1 mark for lower equilibrium quantity of workers employed, labelled  The diagram is a coordinate system with 'Wage rate' on the vertical axis and 'Quantity of workers employed' on the horizontal axis. A downward-sloping demand curve is labeled 'DL' at both ends. Two upward-sloping supply curves are shown: the original supply curve 'SL' and a new supply curve 'SL1' shifted to the left. The initial equilibrium is at the intersection of SL and DL, with dashed lines leading to 'We' on the vertical axis and 'Qe' on the horizontal axis. The new equilibrium is at the intersection of SL1 and DL, with dashed lines leading to 'W1' on the vertical axis and 'Q1' on the horizontal axis. 'W1' is higher than 'We', and 'Q1' is lower than 'Qe'.	(3)

Question number	State the formula for social costs.	Mark
	Answer	
1(d)	AO1 1 mark Award 1 mark for correct formula Private costs + external costs Accept any other appropriate response	(1)

Question number	Define the term producer.	Mark
	Answer	
1(e)	AO1 1 mark Award 1 mark for a correct definition A person/company/country that creates/makes goods and/or services Accept any other appropriate response	(1)

Question number	Calculate the total costs per month for the firm. You are advised to show your working.	Mark
	Answer	
1(f)	A02 2 marks Award 1 mark for showing correct calculation $\text{€}37\,000 + (\text{€}170 \times 650)$ (1) Award 1 mark for calculating correct total costs $= \text{€}147\,500$ (1) Award 2 marks if total costs per month are correctly calculated as €147 500 even if no calculations are shown Award 1 mark if the answer given is 147 500, with or without calculations shown Do not award marks for the formula	(2)

Question number	Calculate the percentage change in quantity demanded for a product if the price elasticity of demand (PED) is -1.9 and the price falls by 10%. You are advised to show your working.	Mark
	Answer	
2(c)	AO2 2 marks Award 1 mark for showing the correct calculation $-10\% \times -1.9$ (1) Award 1 mark for correct change in quantity demanded $= 19\%$ (1) Award 2 marks if the change in quantity demanded is correctly calculated as 19%, even if no calculations are shown Award 1 mark if the change in quantity demanded is calculated as 19, even if no calculations are shown Do not award marks for a formula	(2)

Question number	What is meant by the term social benefits?	Mark
	Answer	
2(d)	AO1 1 mark Award up to 2 marks for a correct definition Private benefits (1) plus external benefits (1) Accept any other appropriate response	(2)

Question number	Describe one feature of an oligopoly.	Mark
	Answer	
2(e)	AO1 2 marks Award 1 mark for reference to the feature and 1 mark for development of the feature Barriers to entry (1) therefore fewer firms can enter the market (1) OR Different products (1) to stand apart from competitors (1) Accept any other appropriate response	(2)

Question number	Calculate the percentage change in quantity supplied for a product if the price elasticity of supply (PES) is 1.5 and the price increases by 12%. You are advised to show your working.	Mark
	Answer	
2(c)	AO2 2 marks Award 1 mark for showing the correct calculation $1.5 \times 12\%$ (1) OR $\frac{X\%}{12\%} = 1.5$ (1) Award 1 mark for correct change in quantity supplied $= 18\%$ (1) Award 2 marks if the percentage change in quantity supplied is correctly calculated as 18%, even if no calculations are shown Award 1 mark if the percentage change in quantity supplied is calculated as 18, even if no calculations are shown Do not award marks for a formula	(2)

Question number	What is meant by the term social costs?	Mark
	Answer	
2(d)	AO1 1 mark Award up to 2 marks for correct definition Private costs (1) plus external costs (1) Accept any other appropriate response	(2)