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EDEXCEL INTERNATIONAL GCSE ECONOMICS: QUESTIONS BY TOPIC

Production (1.2.1)

International GCSE Economics · Paper 1: Microeconomics and Business Economics

34 questions · 76 marks · Mark schemes included

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

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HOW TO USE THIS BOOKLET

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

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

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

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

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

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

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QUESTION	SOURCE	MARKS	PAGE
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QUESTIONS

34 questions · 76 marks · 2 sub-topics

SUB-TOPIC 1.2.1 (a)

FACTORS OF PRODUCTION

Sub-topic 1.2.1 (a) · 17 questions · 36 marks · lowest tariff first



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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(d) State **one** example of an occupation that is in the secondary sector of the economy.

(1)

(e) Define the term labour.

(1)

(f) Calculate the **income elasticity of demand (YED)** for a good if income increases by 25% and quantity demanded increases by 10%. You are advised to show your working.

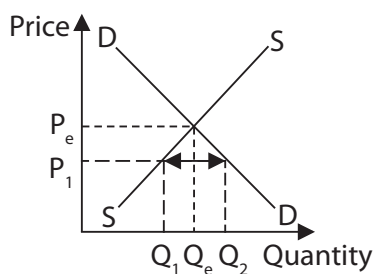
(2)



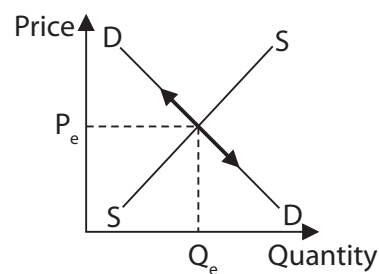
2 (a) Which **one** of the following diagrams shows excess demand?

(1)

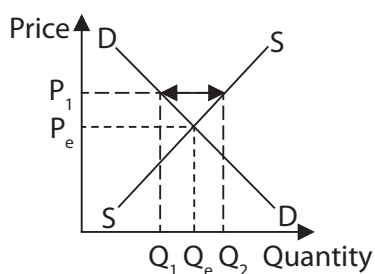
☐ A



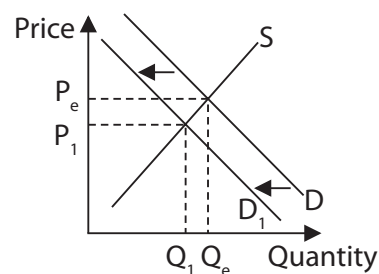
☐ B



☐ 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

(d) State **one** example of a factor of production that can be classified as land.

(1)

(e) Define the term monopoly.

(1)

Alfie provides a dog-walking service to dog owners in his local area. After a successful first year he increased prices by 1.5% and quantity demanded fell by 1.1%.

(f) Calculate, to two decimal places, the **price elasticity of demand (PED)** for Alfie's dog-walking service. 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 factor of production?

(1)

- ☐ **A** Taxation
- ☐ **B** Gym workout
- ☐ **C** Enterprise
- ☐ **D** Restaurant meal

A firm charges a price of \$160 per item and has average costs of \$120 per item. It sells 20 000 items.

- (b) What is the total revenue for the firm?

(1)

- ☐ **A** \$19 200
- ☐ **B** \$20 160
- ☐ **C** \$2 400 000
- ☐ **D** \$3 200 000

- (c) What is meant by the term normal good?

(2)

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(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)



(d) State **one** factor of production.

(1)

(e) Define the term public sector.

(1)

Yusef paints portraits of tourists who visit his home town. He recently reduced the price he charges by 2.5% and quantity demanded increased by 3.2%.

(f) Calculate, to two decimal places, the **price elasticity of demand (PED)** for Yusef's portraits. 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) 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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Sathvinder provides a cleaning service to homeowners in a small town. She recently decreased prices by 1.2% and quantity demanded increased by 1.9%.

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

(2)

- (e) Define the term entrepreneur.

(1)

- (f) Describe **one** reason why water is a factor of production.

(2)



1

(d) State **one** example of an item that can be classified as capital.

(1)

(e) Define the term price-maker.

(1)

(f) Calculate, to two decimal places, the **price elasticity of demand (PED)** for a good if the price decreases by 4.7% and the quantity demanded increases by 1.8%.
You are advised to show your working.

(2)



A firm increases supply by 2.7% following a price increase of 4.9%.

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

(2)

- (e) Define the term price-maker.

(1)

- (f) Describe **one** reason why a computer can be a factor of production.

(2)



Sathvinder provides a cleaning service to homeowners in a small town. She recently decreased prices by 1.2% and quantity demanded increased by 1.9%.

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

(2)

- (e) Define the term entrepreneur.

(1)

- (f) Describe **one** reason why water is a factor of production.

(2)



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

Supply of rice in 2021

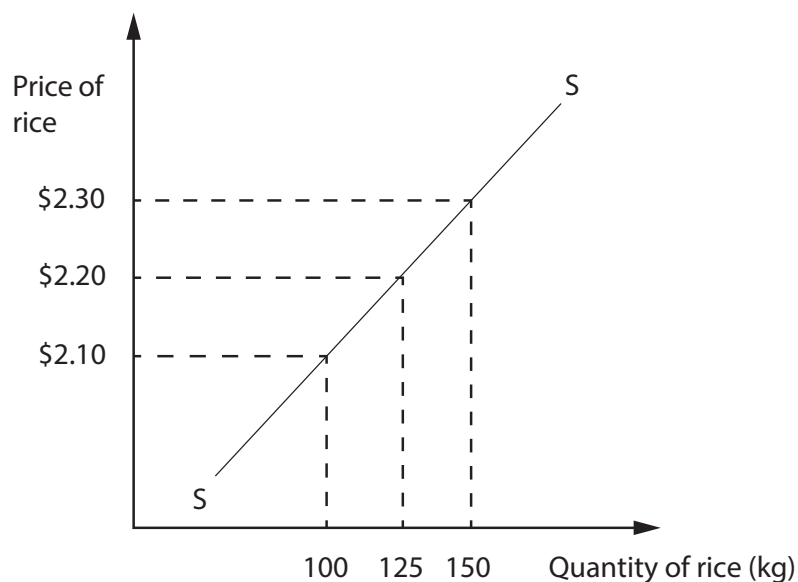


Figure 2

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

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

Figure 3

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

(2)

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

(2)

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A firm increases supply by 5.4% following a price increase of 7.8%.

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

(2)

(d) What is meant by the term innovation?

(2)

(e) Describe **one** reason why a car mechanic is a factor of production.

(2)



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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- (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)

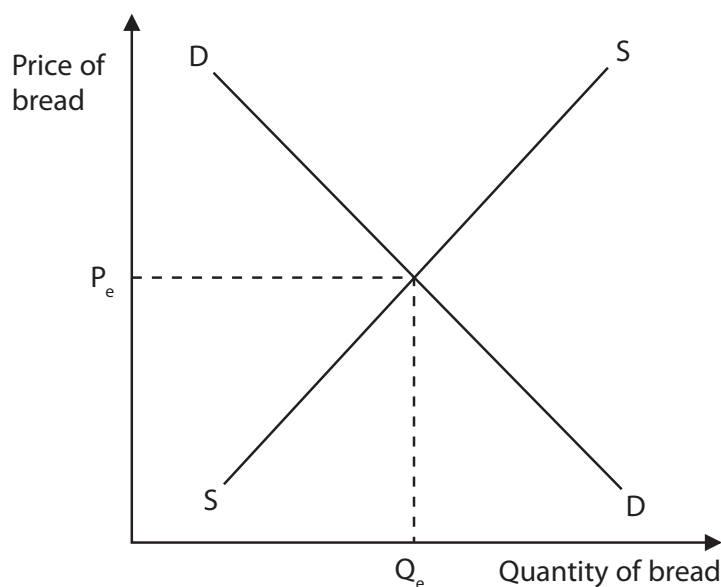


Figure 2

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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(i) With reference to the data above and your knowledge of economics, analyse why all four factors of production might be used to produce coffee.



(Total for Question 1 = 20 marks)



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)



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)

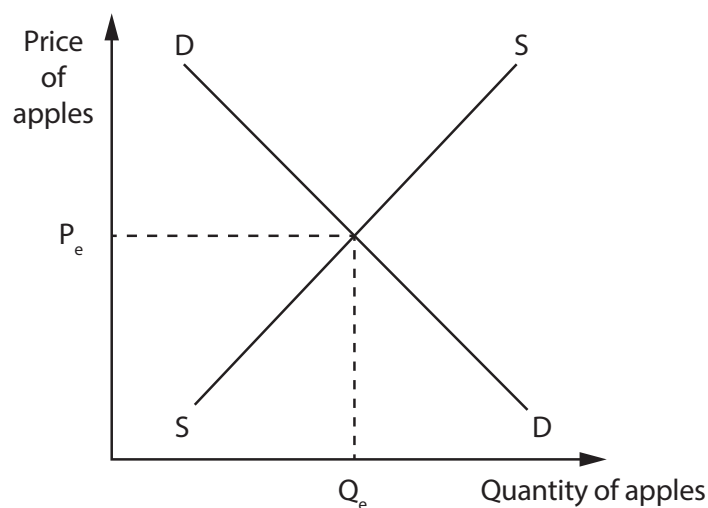


Figure 3

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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Drinking water in the Canary Islands has to be filtered by machines to remove the salt from sea water. Samples are taken by production workers to ensure salt and impurities have been removed.

- (i) With reference to the data above and your knowledge of economics, analyse how all four factors of production might be used to produce drinking water in the Canary Islands.

(6)



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(Total for Question 1 = 20 marks)



- (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)

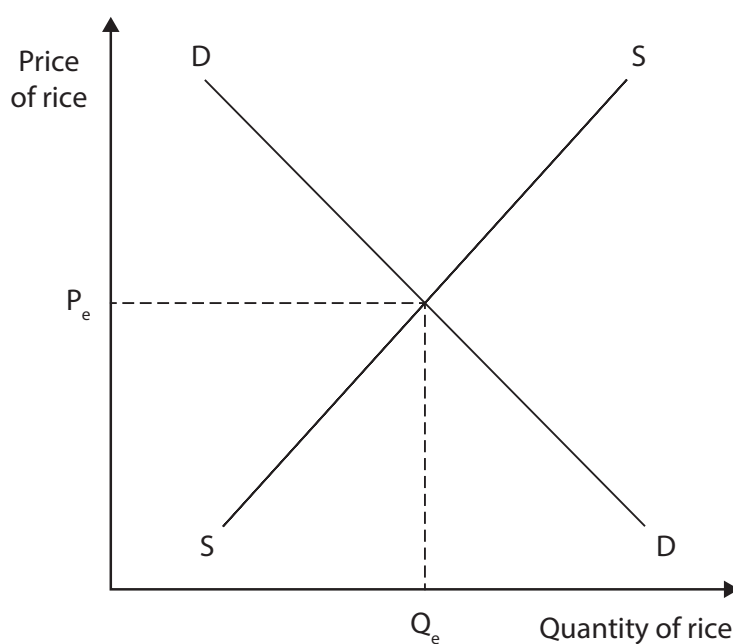


Figure 1

Six months after the price for a soft drink increased, its price elasticity of demand (PED) changed from -1.5 to -2.0 .

(h) Explain **one** reason why demand for a product, such as a soft drink, usually becomes more price elastic over time.

(3)

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(i) With reference to the data above and your knowledge of economics, analyse how all four factors of production might be used to produce chocolate.



[illegible]

SUB-TOPIC 1.2.1 (b-c)

SECTORS OF THE ECONOMY

Sub-topic 1.2.1 (b-c) · 17 questions · 40 marks · lowest tariff first



(d) State the formula for social costs.

(1)

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(e) Define the term tertiary sector.

(1)

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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)

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1 (d) State **one** example of an occupation that is in the secondary sector of the economy.

(1)

(e) Define the term labour.

(1)

(f) Calculate the **income elasticity of demand (YED)** for a good if income increases by 25% and quantity demanded increases by 10%. You are advised to show your working.

(2)



1 (d) State **one** example of an occupation in the tertiary sector of the economy.

(1)

(e) Define the term government.

(1)

(f) Calculate the income **elasticity of demand (YED)** for a good if income increases by 5% and quantity demanded increases by 12%. 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) Car production is most likely to take place in which sector of the economy?

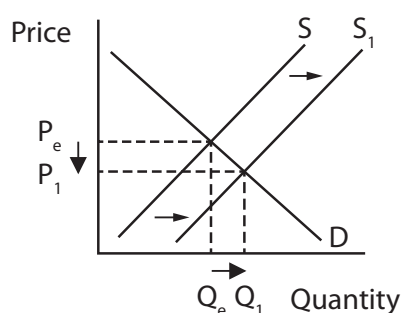
(1)

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

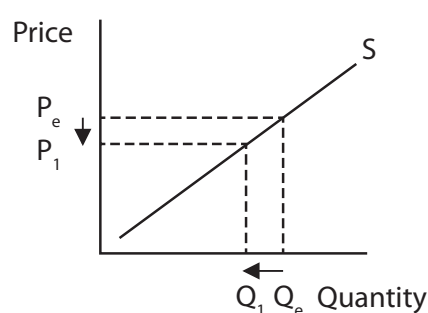
- (b) Which **one** of the following diagrams shows the new equilibrium price and quantity for lemon ice cream in Thailand following a price reduction in chocolate ice cream?

(1)

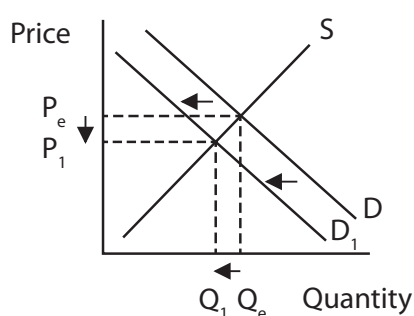
☒ A



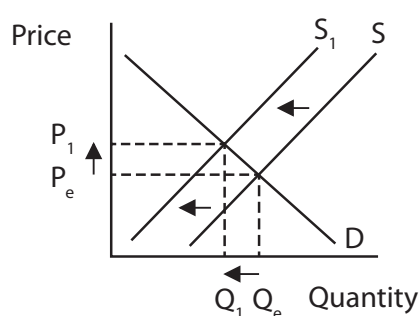
☒ B



☒ C



☒ D



3 (a) Which **one** of the following 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)

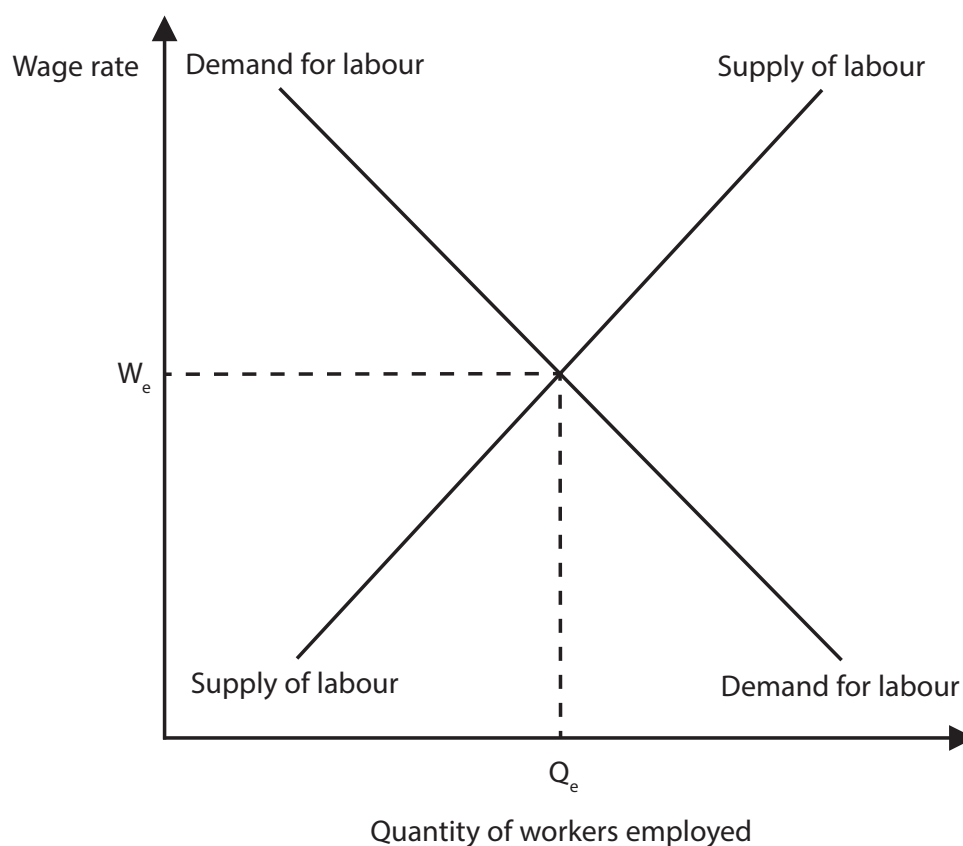


Figure 3

- 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)

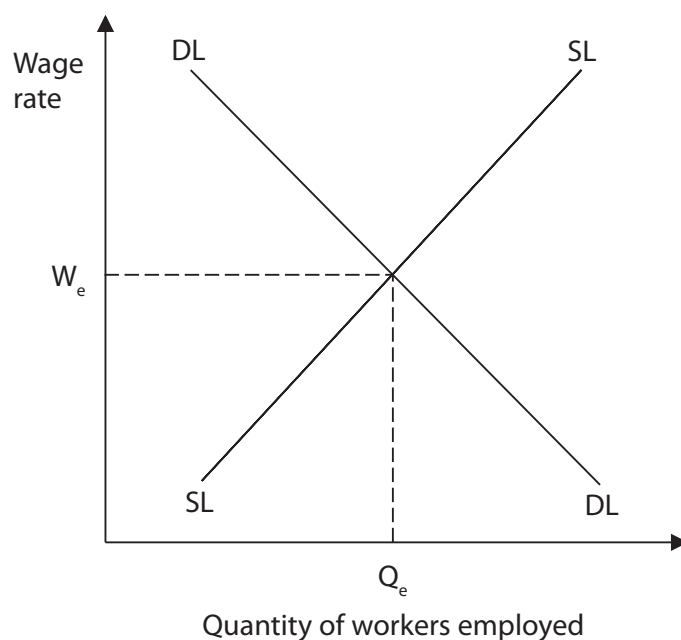


Figure 3

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) What is the name given to a firm that manufactures cars?

(1)

- ☐ **A** A primary sector firm
- ☐ **B** A secondary sector firm
- ☐ **C** A tertiary sector firm
- ☐ **D** A service sector firm

A firm that employs 540 workers has a total monthly output of 27,000 units.

- (b) What is the monthly labour productivity of the firm?

(1)

- ☐ **A** 0.02 units
- ☐ **B** 50 units
- ☐ **C** 27,540 units
- ☐ **D** 14,580,000 units

- (c) What is meant by the term division of labour?

(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) Which **one** of the following values shows perfectly price elastic demand?

(1)

- ☐ A -1
☐ B -0.5
☐ C Zero
☐ D Infinity

- (b) A country has a minimum wage of €6.04 per hour. If a worker provides 35 hours of labour in a week, the lowest weekly wage the worker can earn is

(1)

- ☐ A €6.04
☐ B €205.36
☐ C €211.40
☐ D €422.80

- (c) What is meant by the term mixed economy?

(2)

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- (d) State **one** example of an occupation that is in the tertiary sector of an economy.

(1)

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3 (a) Which **one** of the following is an example of a job in the primary sector of the economy?

(1)

- ☐ **A** Farmer
- ☐ **B** Mechanic
- ☐ **C** Shop assistant
- ☐ **D** Teacher

(b) Total revenue can be defined as the quantity of goods sold

(1)

- ☐ **A** added to the price
- ☐ **B** subtracted from the price
- ☐ **C** multiplied by the price
- ☐ **D** divided by the price

(c) Using the diagram below, draw a diagram to show a demand curve that has price inelastic demand. Label the curve and show the impact on both axes from a change in price.

(3)

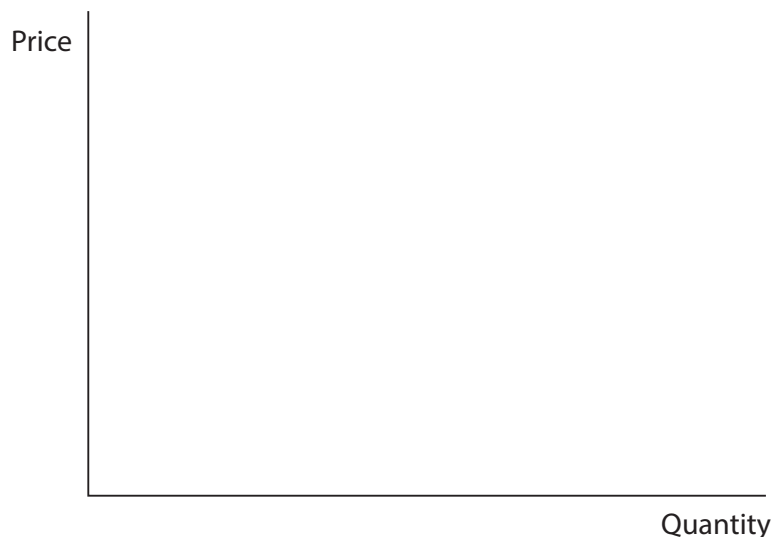


Figure 2



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)

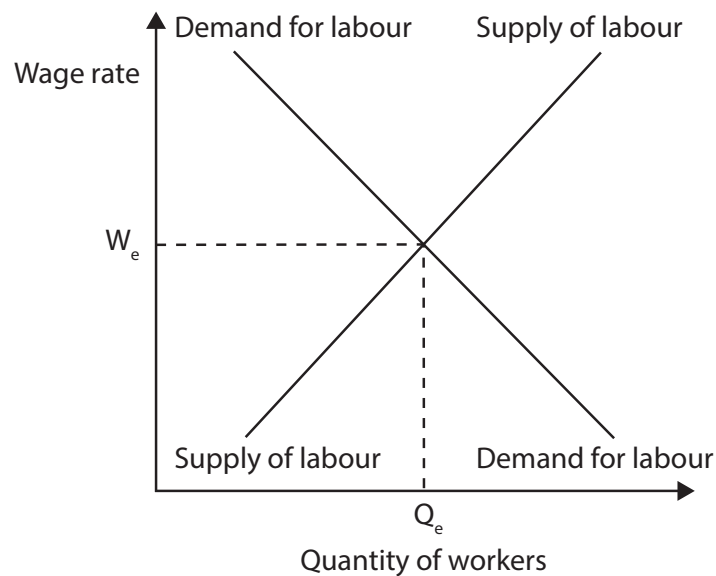


Figure 3

2 (a) Which **one** of the following might be an aim of a firm in the private sector?

(1)

- ☐ A Maximise costs
- ☐ B Reduce interest rates
- ☐ C Maximise profits
- ☐ D Reduce economies of scale

Cyprus has a mixed economy.

(b) Which **one** of the following is most likely to be provided by the public sector in Cyprus?

(1)

- ☐ A Cars
- ☐ B Roads
- ☐ C Driving lessons
- ☐ D Petrol

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)

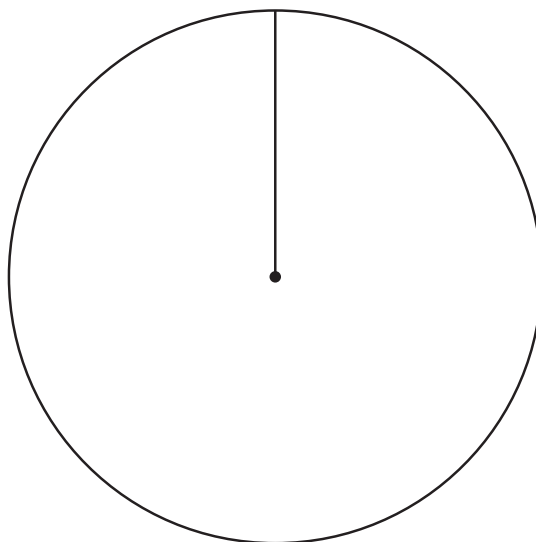


Figure 2

- (d) Define the term free rider.

(1)

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

(2)

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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)

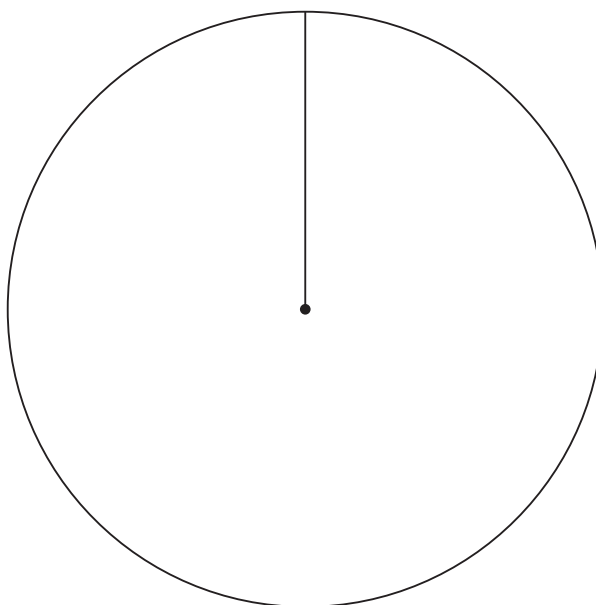


Figure 3

- (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)

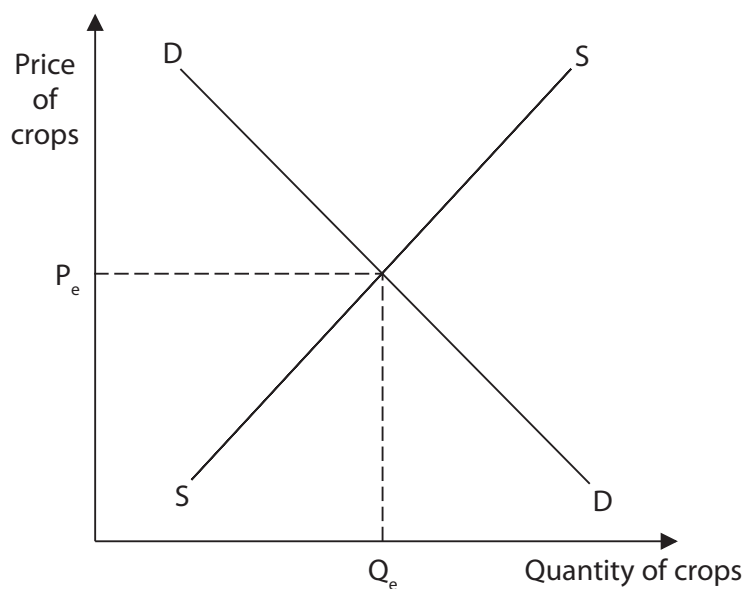


Figure 1

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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Unilever is a multinational corporation that sells consumer goods. It currently uses 700,000 tonnes of non-recyclable plastic packaging each year. By 2025, it plans to reduce overall usage by 100,000 tonnes and replace the remaining 600,000 tonnes with more expensive plastic, which can be recycled.

(Source adapted from: <https://www.npr.org/2019/10/07/767983664/unilever-vows-to-reduce-plastic-packaging-use-by-2025?t=1573738349481>)

- (i) With reference to the data above and your knowledge of economics, analyse how the profits of Unilever may be affected.

(6)

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

(Total for Question 1 = 20 marks)



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)

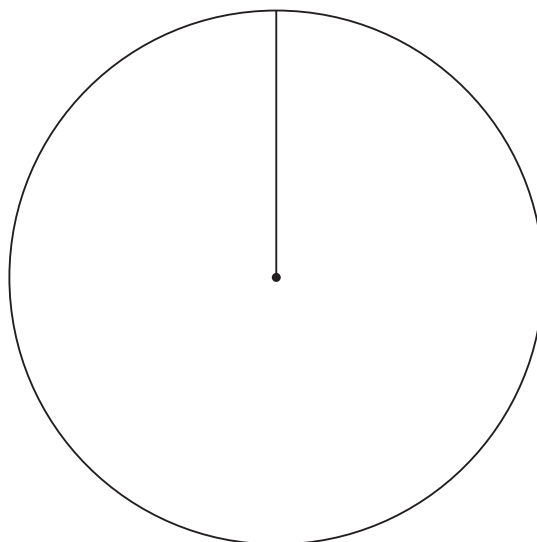


Figure 5

There are plans to build a \$296m residential tower in the business district of Sydney, Australia, but some local people do not want the tower to be built.

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

- (d) 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.

(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.

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)

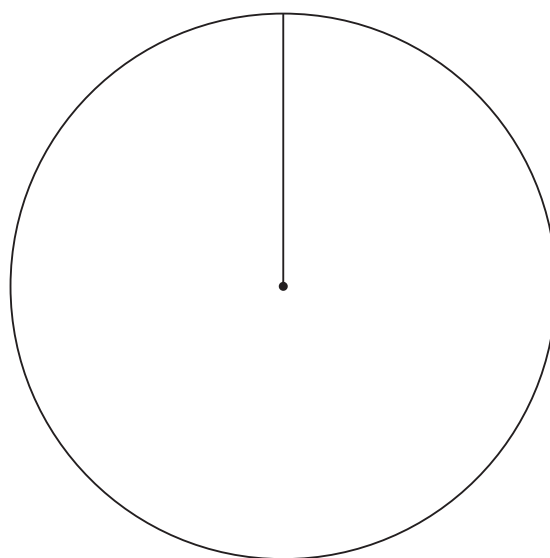


Figure 4

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

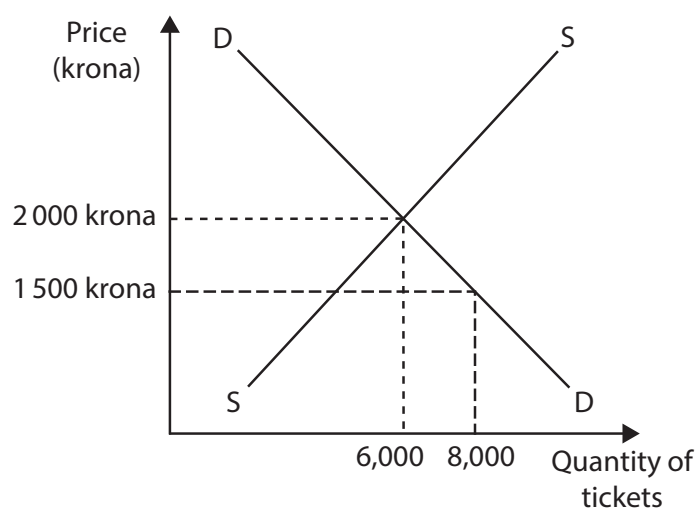


Figure 5

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

(6)



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)

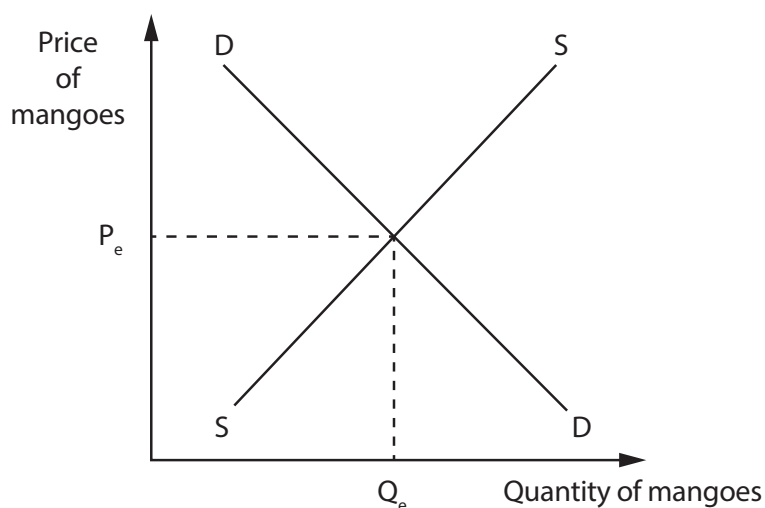


Figure 1

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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(6)



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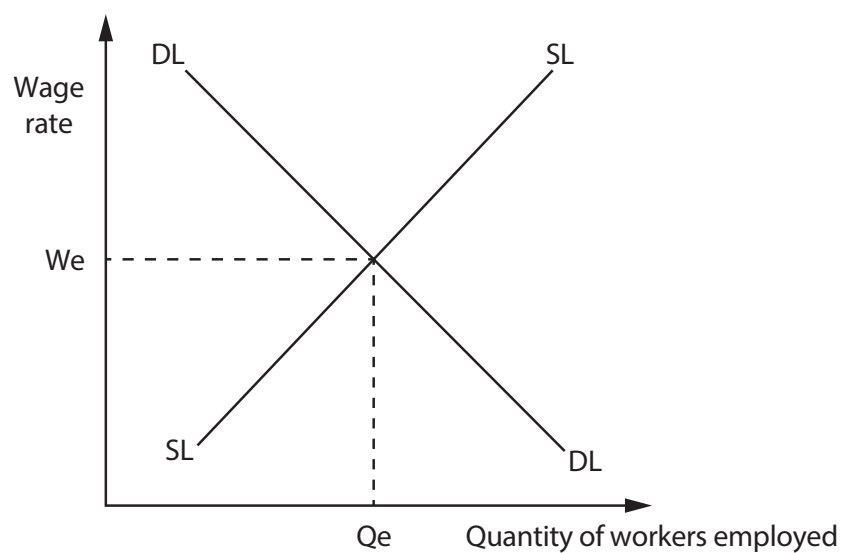
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(Total for Question 1 = 20 marks)



- (c) 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.

(3)

**Figure 4**

[illegible]

(9)



(Total for Question 3 = 20 marks)

MARK SCHEMES

official mark schemes, in the same order as the questions



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)



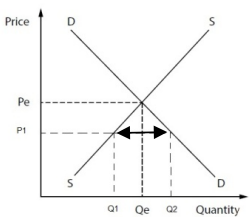
Question number	Answer	Mark
1(a)	AO1 1 mark D 0	(1)

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	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	State one example of a factor of production that can be classified as land. Answer	Mark
1(d)	AO1 1 mark Award 1 mark for correct example • Forest • Rainwater • Coal • Oil Accept any other appropriate response	(1)

Question Number	Define the term monopoly. Answer	Mark
1(e)	AO1 1 mark Award 1 mark for a correct definition One dominant seller in a market Accept any other appropriate response	(1)

Question Number	Calculate, to two decimal places, the price elasticity of demand (PED) for Alfie's dog-walking service. You are advised to show your working. Answer	Mark
1(f)	AO2 2 marks Award 1 mark for showing correct calculation -1.1/1.5 (1) Award 1 mark for correct PED = -0.73 (1) Award 2 marks if PED is correctly calculated as -0.73, even if no calculations are shown Do not award marks for a formula	(2)

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	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	State one factor of production. Answer	Mark
1(d)	A01 1 mark Award 1 mark for correct factor • Land/labour/capital/enterprise	(1)

Question number	Define the term public sector. Answer	Mark
1(e)	A01 1 mark Award 1 mark for a correct definition Government provision of goods/services Accept any other appropriate response	(1)

Question number	Calculate, to two decimal places, the price elasticity of demand (PED) for Yusef's portraits. You are advised to show your working. Answer	Mark
1(f)	A02 2 marks Award 1 mark for showing correct calculation 3.2% / -2.5% (1) Award 1 mark for correct PED = -1.28 (1) Award 2 marks if PED is correctly calculated as -1.28, even if no calculations are shown Do not award marks for a formula	(2)

Question number	Water is an example of which factor of production?	Mark
	Answer	
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?	Mark
	Answer	
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?	Mark
	Answer	
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)



	Calculate, to two decimal places, the price elasticity of demand (PED) for Sathvinder's cleaning service. You are advised to show your working. Answer	Mark
2(d)	AO2 2 marks Award 1 mark for showing correct calculation 1.9%/-1.2% (1) Award 1 mark for correct PED = -1.58 (1) Award 2 marks if PED is correctly calculated as -1.58, even if no calculations are shown Do not award marks for a formula	(2)

Question number	Define the term entrepreneur. Answer	Mark
2(e)	AO1 1 mark Award 1 mark for a correct definition An individual who organises the factors of production Accept any other appropriate response	(1)

Question number	Describe one reason why water is a factor of production. Answer	Mark
2(f)	AO1 2 marks Award 1 mark for reference to the reason and 1 mark for development of the reason Water is a natural resource that can be used by firms in production (1) therefore water is classed as land (1) Accept any other appropriate response.	(2)

Question number	State one example of an item that can be classified as capital.	Mark
	Answer	
1(d)	AO1 1 mark Award 1 mark for a correct example • Machines • Computers • Factories • Vehicles Accept any other appropriate response	(1)

Question number	Define the term price-maker.	Mark
	Answer	
1(e)	AO1 1 mark Award 1 mark for a correct definition A firm is able to set the price charged in the whole market Accept any other appropriate response	(1)

Question number	Calculate, to two decimal places, the price elasticity of demand (PED) for a good if the price decreases by 4.7% and the quantity demanded increases by 1.8%. You are advised to show your working.	Mark
	Answer	
1(f)	AO2 2 marks Award 1 mark for showing correct calculation 1.8%/-4.7% (1) Award 1 mark for correct PED = -0.38 (1) Award 2 marks if PED is correctly calculated as -0.38 even if no calculations are shown Award 1 mark if PED is calculated as -0.38% with or without calculations shown Do not award marks for the formula	(2)

Question number	Answer	Mark
2(d)	AO2 2 marks Award 1 mark for showing correct calculation 2.7/4.9 (1) Award 1 mark for correct PES = 0.55 (1) Award 2 marks if PES is correctly calculated as 0.55, even if no calculations are shown Do not award marks for a formula	(2)

Question number	Answer	Mark
2(e)	AO1 1 mark Award 1 mark for reference to a firm setting the market price A dominant firm sets the price in the market Accept any other appropriate response	(1)

Question number	Answer	Mark
2(f)	AO1 2 marks Award 1 mark for reference to the reason and 1 mark for development of the reason A computer can be used to help make goods and services (1) therefore a computer is capital (1) Accept any other appropriate response	(2)



Question number	Calculate the total fixed costs for the firm in March. You are advised to show your working.	Mark
	Answer	
2(d)	A02 2 marks Award 1 mark for showing correct calculation $20\,250 + 5\,125$ (1) Award 1 mark for calculating correct total fixed costs $= 25\,375$ Tk (1) Award 2 marks if total fixed costs are correctly calculated as $25\,375$ Tk, even if no calculations are shown Award 1 mark if total fixed costs are calculated as $25\,375$, even if no calculations are shown Do not award marks for a formula	(2)

Question number	Describe one reason why an entrepreneur is a factor of production.	Mark
	Answer	
2(e)	A01 2 marks Award 1 mark for reference to the reason and 1 mark for development of the reason • An entrepreneur comes up with a business idea/takes a risk (1) therefore it is classed as enterprise (1) • An entrepreneur manages the other factors of production (1) in order to make goods/services (1) Accept any other appropriate response	(2)

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	
2(c)	A02 2 marks Award 1 mark for showing the correct calculation 5.4%/7.8% (1) Award 1 mark for calculating the correct PES = 0.69 (1) Award 2 marks if PES is correctly calculated as 0.69, even if no calculations are shown Award 1 mark if the answer given is 0.69%, with or without calculations shown Do not award marks for a formula	(2)

Question number	What is meant by the term innovation?	Mark
	Answer	
2(d)	A01 2 marks Award up to 2 marks for a correct definition The commercial exploitation (1) of a new invention (1) OR Innovation is the process of improving/creating new products/ services/production methods (1) to increase efficiency/in the production process (1) Accept any other appropriate response	(2)

Question number	Describe one reason why a car mechanic is a factor of production.	Mark
	Answer	
2(e)	A01 2 marks Award 1 mark for reference to the reason and 1 mark for development of the reason	

	A car mechanic provides the service of repairing vehicles/machinery for use in production (1) therefore a car mechanic is labour (1)	(2)
	Accept any other appropriate response	

Question number	Explain one possible disadvantage of this privatisation for other broadcasters in Argentina.	Mark
	Answer	
2(f)	A02 3 marks Award 1 mark for identifying a relevant disadvantage Award 1 mark for developing the disadvantage Award 1 mark for the response being in context The newly privatised Radio Nacional will be under pressure to make a profit (1) meaning there would be more incentive to meet the needs of listeners of Radio Nacional. (1) This would increase competition for other broadcasters (1) Accept any other appropriate response	(3)

Question number	Answer	Mark
1(h)	A02 3 marks Award 1 mark for identifying a barrier to entry Award 1 mark for developing the response Award 1 mark for the response being in context One barrier to entry is economies of scale (1) because established larger firms such as Sony and Warner may have lower average costs (1) whereas new smaller firms may struggle to keep average costs down (1) Accept any other appropriate response.	(3)

Question number	Indicative content
1(i)	A02 (3 marks)/A03 (3 marks) A02 and A03 - The four factors of production are land, labour, capital and enterprise - Beans are harvested from coffee plants which means that land is needed to produce coffee - The coffee beans are picked by hand because labour is needed to determine when the fruit is ready to harvest - The process of sorting the beans and transforming them from their natural state to consumable beans, ground or instant products is done by machinery, which is capital. This maybe because is it more productive/cost effective than using labour. - Enterprise combines the other factors of production to make sure the bean gets to the consumer as a consumable product - Thus, all four factors of production may be used to produce coffee as without any one of them the process would not be completed as efficiently

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 C Monopoly	(1)

Question number	Answer	Mark
2(b)	AO1 1 mark B Consumers have habits that are hard to give up	(1)

Question number	Answer	Mark
2(c)	AO1 1 mark Award 1 mark for correct formula in words/as an equation % change in quantity supplied ----- % change in price	(1)

Question number	With reference to the data above and your knowledge of economics, analyse how all four factors of production might be used to produce drinking water in the Canary Islands. Indicative content
1(i)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • The four factors of production are land, labour, capital and enterprise • Sea water is a natural resource, which is land • The salt is removed by filtering the water through machines in order to make the water drinkable, which is capital • The process of ensuring all the salt and impurities have been removed from the water is done by labour (production workers) • Enterprise combines the other factors of production to make sure the water gets to the consumer as a consumable product • Thus, all four factors of production may be used to produce drinking water as, without any one of them the process would not be completed as efficiently

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 all four factors of production might be used to produce chocolate.
	Indicative content
1(i)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • Cocoa pods and sugar are natural resources, which are all examples of land being needed to produce chocolate • The cocoa pods are picked by hand which means labour is needed • Ovens in which the cocoa beans are roasted are examples of capital, because these are man-made • Enterprise combines the other factors of production to make sure the production from cocoa to chocolate takes place effectively to get the finished product to the consumer • Thus, all four factors of production may be used to produce chocolate, as without any one of them the process would not be completed as efficiently

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
1(e)	AO1 1 mark Award 1 mark for reference to the relevant sector of the economy The provision of services in the economy	(1)

Question number	Answer	Mark
1(f)	AO2 2 marks Award 1 mark for showing correct calculation $\\$12\,100 \div 2\,000$ (1) Award 1 mark for correct average cost per unit (AC) $= \\$6.05$ (1) Award 2 marks if average cost per unit is accurately calculated, even if no calculations are shown Award 1 mark if students show calculation and put 6.05 without the dollar sign Do not award marks for the formula	(2)

Question number	Answer	Mark
1(a)	AO1 1 mark C 0	(1)

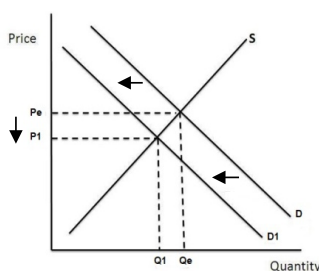
Question number	Answer	Mark
1(b)	AO2 1 mark B \$4 500 profit	(1)

Question number	Answer	Mark
1(c)	AO1 2 marks Award 1 mark for reference to both the public and private sectors and 1 mark for reference to providing goods and services The public and private sectors (1) provide goods and services between them (1) Accept any other appropriate response	(2)

Question number	Answer	Mark
1(d)	AO1 1 mark Award 1 mark for correct example Retailer/Banker/Teacher Accept any other appropriate response	(1)

Question number	Answer	Mark
1(e)	AO1 1 mark Award 1 mark for a correct definition A group with the authority to run a country or state 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	Answer	Mark
3(a)	AO1 1 mark The only correct answer is: C Lack of information A is not correct because this will fill skills shortages B is not correct because this will lead to greater efficiency D is not correct because this improves productivity	(1)

Question number	Answer	Mark
3(b)	AO1 1 mark The only correct answer is: D Sales assistant A is not correct because this role is in the primary sector B is not correct because this role is in the secondary sector C is not correct because this role produces primary products	(1)



Question number	Answer	Mark
3(a)	AO1 1 mark The only correct answer is: D Privatisation A is not correct because this is the creation of new land from drained wetlands B is not correct because this is the creation of a new product from an idea C is not correct because this is where an enterprise previously part of the private sector is taken into state ownership	(1)

Question number	Answer	Mark
3(b)	AO1 1 mark The only correct answer is: B Farmer A is not correct because it is a service C is not correct because it is not production involving extraction of raw materials from the earth D is not correct because it is in the tertiary sector	(1)

Question number	Answer	Mark
3(c)	AO2 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 Quantity of workers employed	(3)

Question number	What is the name given to a firm that manufactures cars? Answer	Mark
1(a)	A01 1 mark The only correct answer is: B A secondary sector firm A is not correct because a primary sector firm extracts natural resources C is not correct because a tertiary firm produces services D is not correct because this is the tertiary sector	(1)

Question number	What is the monthly labour productivity of the firm? Answer	Mark
1(b)	A02 1 mark The only correct answer is: B 50 units A is not correct because this is $540 / 27,000$ C is not correct because this is $540 + 27,000$ D is not correct because this is $540 \times 27,000$	(1)

Question number	What is meant by the term division of labour? Answer	Mark
1(c)	A01 2 marks Award 1 mark for reference to breaking production up and 1 mark for reference to employees are allocated only one task When a firm breaks up the production process (1) so that employees perform only one task (1) Accept any other appropriate response	(2)

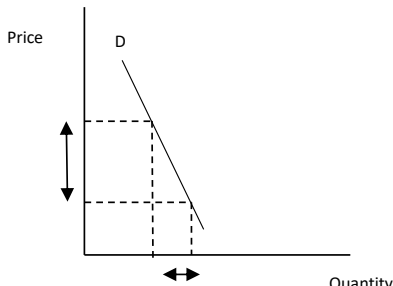
Question number	State one example of an occupation that is in the tertiary sector of an economy.	Mark
	Answer	
1(d)	AO1 1 mark Award 1 mark for a correct example Teacher/Retailer/Banker Accept any other appropriate response	(1)

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 makes/creates goods/services Accept any other appropriate response	(1)

Question number	Calculate, to two decimal places, the income elasticity of demand (YED) for a good if income increases by 7% and quantity demanded increases by 11%. You are advised to show your working.	Mark
	Answer	
1(f)	AO2 2 marks Award 1 mark for showing correct calculation $11\% \div 7\%$ (1) Award 1 mark for correct income elasticity of demand (YED) $= 1.57$ (1) Award 2 marks if YED is correctly calculated as 1.57, even if no calculations are shown Do not award marks for the formula	(2)

Question number	Which one of the following is an example of a job in the primary sector of the economy?	Mark
	Answer	
3(a)	AO1 1 mark The only correct answer is: A Farmer B is not correct because this is secondary C is not correct because this is tertiary D is not correct because this is the tertiary sector	(1)

Question number	Total revenue can be defined as the quantity of goods sold	Mark
	Answer	
3(b)	AO1 1 mark The only correct answer is: C multiplied by the price A is not correct because this does not allow total revenue to be calculated B is not correct because this does not define total revenue D is not correct because this does not calculate revenue	(1)

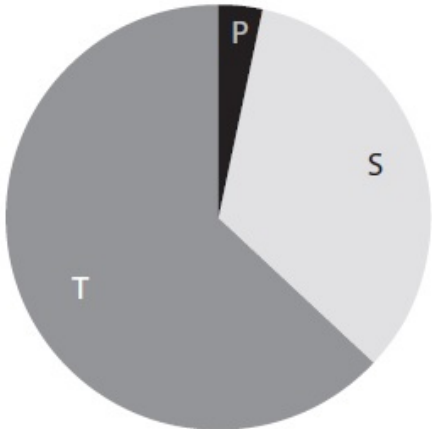
Question number	Using the diagram below, draw a diagram to show a demand curve that has price inelastic demand. Label the curve and show the impact on both axes from a change in price.	Mark
	Answer	
3(c)	AO2 3 marks Award 1 mark for drawing inelastic demand curve, labelled Award 1 mark for showing greater price change on the axis Award 1 mark for showing a smaller change in the quantity on the axis 	(3)

Question number	A free rider can be defined as an individual who does which one of the following?	Mark
	Answer	
3(a)	AO1 1 mark The only correct answer is: B Enjoys the benefit of a good but does not pay for it A is not correct because a free rider does not pay for the good C is not correct because a free rider does neither of these D is not correct because a free rider does use the good	(1)

Question number	Which one of the following is an example of an occupation in the tertiary sector?	Mark
	Answer	
3(b)	AO1 1 mark The only correct answer is: C Hotel receptionist A is not correct because this role is in the secondary sector B is not correct because this role is in the primary sector D is not correct because this role produces primary products	(1)

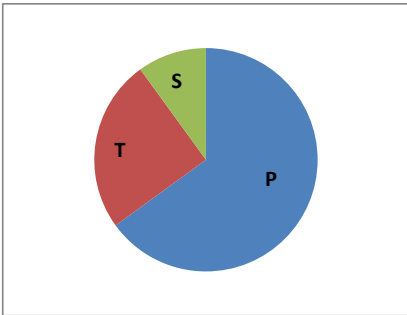
Question number	Answer	Mark
2(a)	AO1 1 mark C Maximise profits	(1)

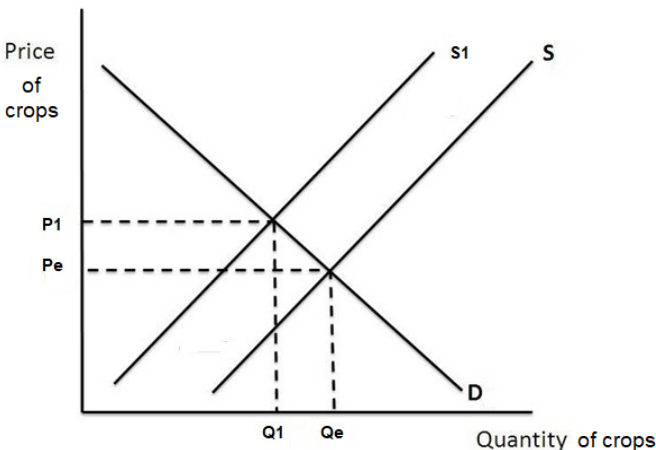
Question number	Answer	Mark
2(b)	AO2 1 mark B Roads	(1)

Question number	Answer	Mark
2(c)	AO2 3 marks  Award 1 mark for the Tertiary sector (T) being the biggest (1) Award 1 mark for the Secondary sector (S) being the second biggest (1) Award 1 mark for the Primary sector (P) being the smallest (1)	(3)

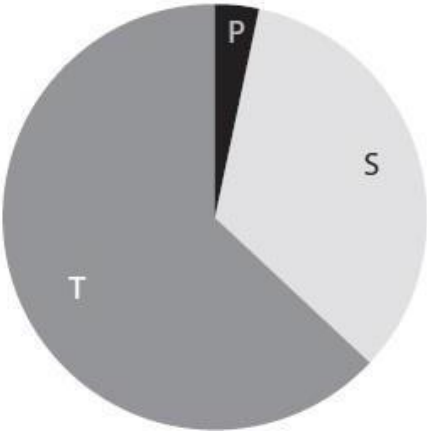
Question Number	Which one of the following factors may cause a shift of the demand curve?	Mark
	Answer	
3(a)	AO1 1 mark The only correct answer is: B Demographic changes A is not correct because this would affect the supply curve C is not correct because this would affect the costs of production D is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

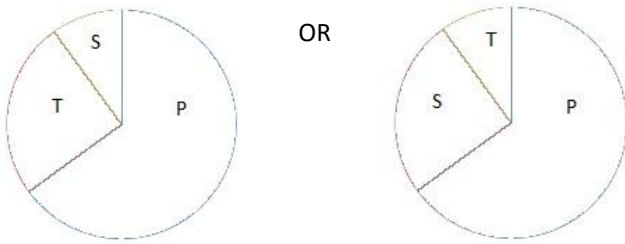
Question number	Answer	Mark
1(g)	AO2 3 marks Award 1 mark for leftward shift of supply, labelled Award 1 mark for higher equilibrium price, labelled Award 1 mark for lower equilibrium quantity, labelled  (3)	

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	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. Answer	Mark
3(c)	A02 3 marks Award 1 mark for the Tertiary sector (T) being the biggest (1) Award 1 mark for the Secondary sector (S) being the second biggest (1) Award 1 mark for the Primary sector (P) being the smallest (1) 	(3)

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	With reference to the data above and your knowledge of economics, analyse why there has been this shift in employment in developed countries. Indicative content
1(i)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • The tertiary sector involves the production of services in the economy • The secondary sector is the production of finished/semi-finished goods from raw materials • As costs of production for manufactured goods decreased in certain parts of the world, it became more difficult for firms in countries such as Germany, the UK and the US to compete • As a result, some firms may have had to cease trading or reduce the number of workers employed • The reduction in jobs in the secondary sector would discourage people from training to do manufacturing jobs • Instead, they are more likely to train in areas such as the tertiary sector, where there is an increasing demand for services, such as entertainment and restaurants due to rising incomes and therefore more employment opportunities in this sector

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

Question number	With reference to the data above and your knowledge of economics, assess the role of the secondary sector in an economy. Indicative content
3(e)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 • The secondary sector is the production of goods by converting raw materials from the primary sector • Manufacturing is an example of a secondary sector industry • The income and tax revenue provided from the secondary sector can help fund services in the tertiary sector, therefore giving a reason why the economy might be reliant on the secondary sector • In addition, many services rely on production from the secondary sector to be able to provide their services, e. g. transport services (tertiary) rely on the car production (secondary), sales services (tertiary) rely on the production of finished goods (secondary) to sell • Without the production of vehicles, computers and food processing in the secondary sector, the tertiary sector would not be able to deliver services reliant on transport, monitor sales using computers/technology or serve food in restaurants AO4 • However, the economy focuses on the provision of a range of services in the tertiary sector, including insurance and banking, as well as health care and education • Revenue earned in the tertiary sector could be used by governments to fund manufacturing of equipment, such as that used in defence • Therefore, the tertiary sector may play a more important role in an economy • Tertiary sector services need the expertise and skills of professionals such as accountants, doctors and teachers • Therefore, the tertiary sector relies on elements such as skills and qualifications as well as on the secondary sector • The economy relies on the primary sector as well, for the extraction of raw materials to use during production (in the secondary sector)

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	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