PEARSON EDEXCEL IAL ECONOMICS · YEC11

ECONOMICS



EXAM QUESTION PACK

UNIT 1: INTRODUCTORY CONCEPTS

SCORE	PERCENTAGE
/272	%

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Q1.

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 ☒.

A clothing manufacturer originally organised production so that each worker made a garment from start to finish. However, in 2020, the manufacturer introduced the division of labour to garment production.

Which **one** of the following is a likely advantage of introducing the division of labour?

☒ **A** An increase in boredom

☒ **B** An increase in the cost of making each garment

☒ **C** An increase in output per worker

☒ **D** An increase in the time required for training

(Total for question = 1 mark)

Q2.

Which **one** of the following is an advantage of a free market economy?

☒ **A** The profit motive gives firms the incentive to be more efficient

☒ **B** Public goods may be under-provided by the price mechanism

☒ **C** Goods may be over-provided compared with the social optimum level of output

☒ **D** Government intervention leads to the correction of market failure

(Total for question = 1 mark)

Q3.

Prior to 1920 each worker at Henry Ford's car company would manufacture an entire car from start to finish. In the 1920s the company started to use an assembly line where each worker only

completed a particular task.

Explain **one** advantage to a car manufacturer of using the division of labour to organise production.

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(Total for question = 4 marks)

Q4.

In 2020 the Fraser Institute identified Hong Kong as being the closest to a free market economy in the world. This was based on Hong Kong's low tax rates, low government spending and the low level of business regulation.

Evaluate the advantages of a free market economy.

(Total for question = 20 marks)

Q5.

The Government of the United Arab Emirates provides its citizens with free primary and secondary education and free healthcare. In 2020 the Government announced that it would spend $136 million on flood defences and that it will build the world's tallest lighthouse in Dubai.

Evaluate the advantages of state provision of goods and services.

(Total for question = 20 marks)

Q6.

The division of labour applies to many types of production and occupation, including:

- in the textile industry, workers are responsible for specific parts of the production process
- in healthcare, workers have different roles including doctors, nurses, cleaners and administrators.

Evaluate the advantages of the division of labour for businesses **and** workers. Refer to an industry of your choice in your answer.

(Total for question = 20 marks)

Q7.

Adam Smith identified that if workers completed every stage of production individually they would each produce 10 to 20 pins per day. The application of the division of labour in a pin factory enabled ten workers to produce 48 000 pins per day.

Evaluate the advantages of the division of labour in organising production.

(Total for question = 20 marks)

Q8.

In 2007 Ireland's Government spending as a percentage of GDP was 35.9% and by 2019 it had fallen to 25.1%.

Evaluate the possible benefits of an economy moving closer to being a 'free market economy'.

(Total for question = 20 marks)

Q9.

Rimac manufacture electric cars. With the first model, the Concept_One, an individual worker was responsible for building each car from start to finish. Only seven were manufactured. In 2017 €30 million was spent on developing a factory which would use the division of labour to manufacture 200 Concept_Two cars.

With reference to the market for car manufacturing, explain **one** benefit of the 'division of labour'.

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(Total for question = 4 marks)

Q10.

Study Figures 1 and 2 and Extracts A, B and C in the Source Booklet before answering this question.

Define the term 'capital goods'. (Extract C, line 5)

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(Total for question = 2 marks)

Q11.

Study Figure 1 and Extracts A and B in the Source Booklet before answering this question.

Define the term 'renewable resource' (Extract B, line 19).

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(Total for question = 2 marks)

Q12.

In 1960 Lake Chad in Central Africa was large enough to provide the local farmers with water to irrigate their crops. However, by 2017 there had been a 90% reduction in the size of the lake. The farmers could no longer use water from the lake for irrigation.

With reference to Lake Chad, explain the difference between a free good and an economic good.

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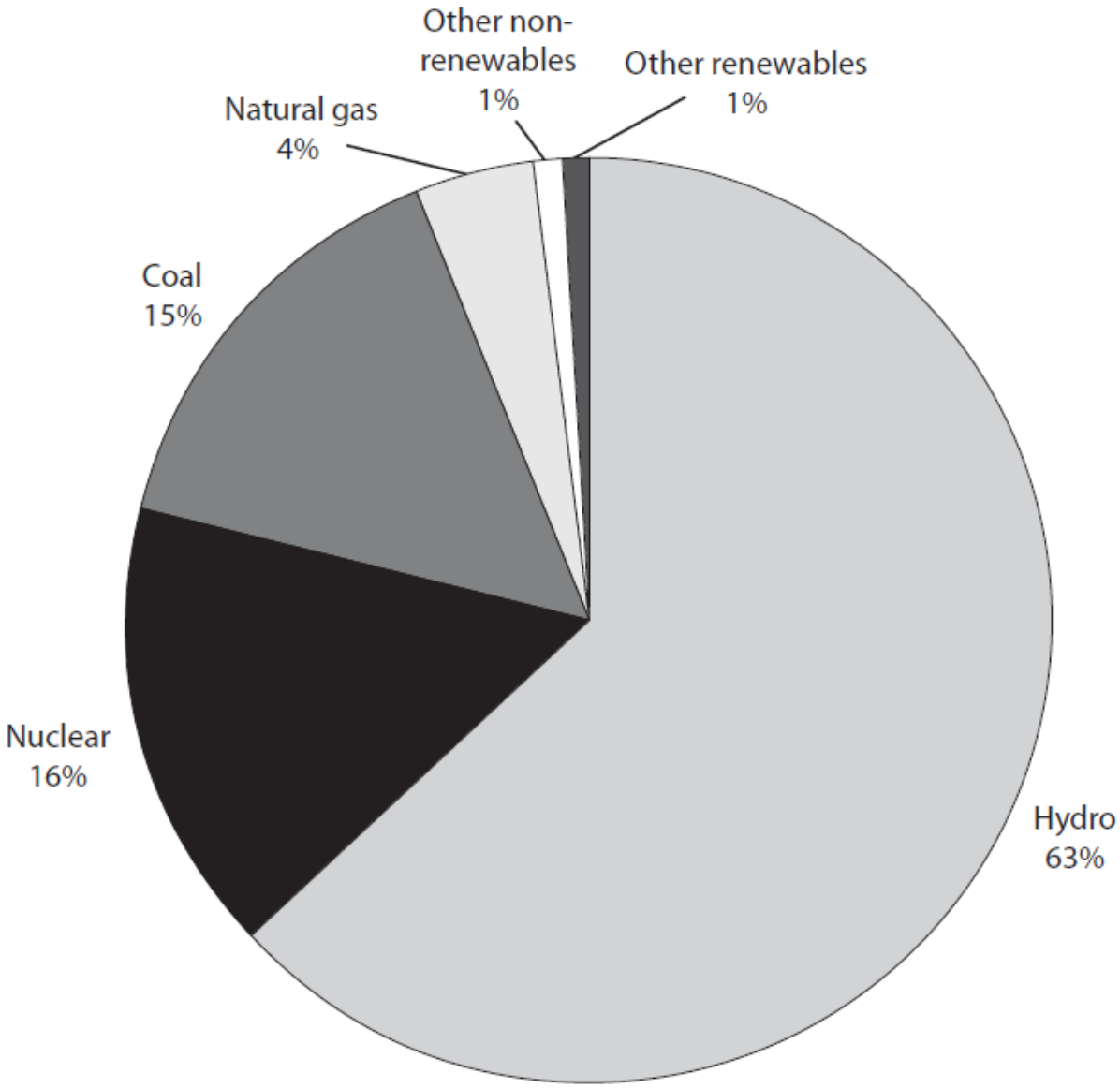
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(Total for question = 4 marks)

Q13.

The chart shows how Canada's total electricity supply was generated from different resources in 2015.



(Source: http://www.theenergycollective.com/jarretadams1/2292773/canada-working-toward-decarbonizing-its-grid)

With reference to Canada's electricity generation, explain the difference between 'renewable resources' and 'non-renewable resources'.

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(Total for question = 4 marks)

Q14.

The table shows the change in the sales of capital goods and consumer goods compared to the previous month in the USA.

	Capital goods	Consumer goods
April 2020	–6.5%	–14.7%
May 2020	+2.3%	+17.7%

With reference to the table, explain the difference between 'capital goods' and 'consumer goods'.

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(Total for question = 4 marks)

Q15.

Between 2018 and 2019 investment expenditure on capital goods in China fell from 47% of GDP to 43% of GDP. Over the same period, consumer expenditure increased from 38.7% of GDP to 38.8% of GDP.

With reference to China, explain the difference between 'capital goods' and 'consumer goods'.

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(Total for question = 4 marks)

Q16.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

In 2018 government spending in South Korea accounted for 30.3% of GDP.
In Denmark government spending accounted for 52.1% of GDP.

Which **one** of the following describes economies where resources are allocated by both the government and the price mechanism?

☒ **A** Free market

☒ **B** Command

☒ **C** Mixed

☒ **D** Irrational

(Total for question = 1 mark)

Q17.

The table shows predictions about population change produced by the United Nations for selected countries.

Country	2021	2100
United Arab Emirates	9.4 million	14.1 million
Bolivia	12.1 million	18.8 million
Philippines	113.9 million	180.2 million

(Source: adapted from https://ourworldindata.org/grapher/comparison-of-world-population-projections)

Evaluate possible factors that could cause a rightward shift of a country's production possibility frontier.

Include at least one relevant diagram in your answer.

(Total for question = 20 marks)

Q18.

In 2019 the price of a litre of diesel was 65% higher in Thailand than in Malaysia. The price difference was because of higher taxation on diesel in Thailand. This led to illegal smuggling. For example, on one night, Thai authorities seized 300 000 litres of diesel that was illegally imported from Malaysia.

Evaluate possible causes of government failure in a market of your choice.

(Total for question = 20 marks)

Q19.

Between 2000 and 2019 in China the average price of a house increased from 4 000 yuan per square metre (m^2) to 60 000 yuan per m^2. The ratio of average house prices to average incomes increased from 5.6 to 7.6, showing that houses were becoming less affordable.

Evaluate the impact of market bubbles in the housing market.

(Total for question = 20 marks)

Q20.

The table shows the total number of aeroplane flights globally and their contribution to global carbon emissions in 2009 and 2019.

	2009	2019
Total number of aeroplane flights	25.9 million	38.9 million
Global carbon emissions	2.0%	2.5%

Evaluate the likely impact of imposing indirect taxes on aeroplane flights to reduce carbon emissions.

Include at least one relevant diagram in your answer.

(Total for question = 20 marks)

Q21.

According to a German insurance company, global natural disasters have become more common in recent years. For example, there was an increase in natural disasters from 400 in 1990 to 820 in 2019.

Evaluate the microeconomic effects of an increase in the number of natural disasters.

Include at least one appropriate diagram in your answer.

(Total for question = 20 marks)

Q22.

Study Figure 1 and Extracts A, B and C in the Source Booklet before answering this question.

With reference to Extract A, explain **one** advantage of Apple using energy produced from renewable resources.

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(Total for question = 4 marks)

Q23.

The table shows the change in how electricity was generated between 2017 and 2018 in a group

of developed economies.

Resource	Change in electricity generation, terawatt hours (TWh)
Coal	−105
Natural gas	+156
Hydro	+26
Wind	+52
Solar	+52

With reference to the change in how electricity was generated, explain the difference between 'renewable resources' and
'non-renewable resources'.

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(Total for question = 4 marks)

Q24.

Study Figure 1 and Extracts A, B and C in the Source Booklet before answering this question.

With reference to the **titles** of Extract A and Extract B, explain the difference between positive statements and normative statements.

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(Total for question = 4 marks)

Q25.

Explain what is meant by 'positive economic statements'. Include **two** examples from the

extracts to support your answer.

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(Total for question = 4 marks)

Q26.

In 2019, in Sweden, on average:

- households saved 16.5% of their incomes
- households borrowed 189% of their incomes
- a consumer made 349 debit card payments.

With reference to the information above and your own knowledge, evaluate the role of financial markets in an economy.

(Total for question = 20 marks)

Q27.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

Forward markets are available at one-month, three-month and one-year intervals.

Which **one** of the following is most likely to have a forward market?

☒ **A** Furniture

☒ **B** Currencies

☒ **C** Smartphones

☒ **D** Clothing

(Total for question = 1 mark)

Q28.

Study Figures 1 and 2 and Extracts A, B and C in the Source Booklet before answering this question.

Define the term ‘forward market’. (Extract A, line 10)

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(Total for question = 2 marks)

Q29.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

Which **one** of the following is most likely to have a forward market?

☒ **A** Tablet computers

☒ **B** Designer clothing

☒ **C** Housing

☒ **D** Copper

(Total for question = 1 mark)

Q30.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

Which **one** of the following is most likely to have a forward market?

☒ **A** Gold

☒ **B** Housing

☒ **C** Higher education

☒ **D** Street lighting

(Total for question = 1 mark)