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Centre number	Candidate number
Surname	
Forename(s)	
Candidate signature	I declare this is my own work.

GCSE ECONOMICS

Paper 1 How markets work

Time allowed: 1 hour 45 minutes

Materials

You will need no other materials.

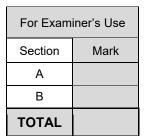
You may use a calculator.

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer all questions.
- You must answer the questions in the spaces provided. Do not write on blank pages.
- If you need extra space for your answer(s), use the lined pages at the end of this book. Write the question number against your answer(s).
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 80.
- Questions should be answered in continuous prose. You will be assessed on your ability to:
 - use good English
 - organise information clearly
 - use specialist vocabulary where appropriate.





Section A

	Answer all questio	ns in the spaces provided.	
For each quescorrect METHOD	stion, completely fill in the circle wrong METHODS [change your answer you must	answer per question is allowed. e alongside the appropriate answer © © © © © © © © © © © © ©	s shown.
0 1 Which	h of the following best describes	s the central purpose of economic	c activity? [1 mark]
A Ea	arning high incomes		0
В Ма	aking maximum profits		0
C Ma	aximising efficiency		0
D Pro	oducing goods and services to	satisfy needs and wants	0
0 2 Which	h of the following is not one of t	the main economic groups?	[1 mark]
A Co	onsumers	0	
B Go	overnment	0	
C Pro	oducers	0	
D Wo	orkers	0	



0 3	In which occupations will wages tend to be highest?		Do not write outside the box
	In those where:	[1 mark]	
	A workers are in excess demand.		
	B workers are paid on a weekly basis.		
	C workers need little training.		
	D workers require few qualifications.		
0 4	Which of the following would be classed as an economic resource?	[1 mark]	
	A Enterprise		
	B Productivity		
	C Profit		
	D Wages		
	Turn over for the next question		



0 5	Which of the fo	ollowing would lead to a leftwar	rds shift of the sup	ply curve for or	anges? [1 mark]
	A A fall in the	cost of fertiliser		0	
	B An increase	e in the price of oranges		0	
	C An increase	e in the wages of orange picker	rs .	0	
	D The introdu	iction of new technology in orai	nge growing	0	
0 6	Which of the fo	ollowing is most likely to be a v	ariable cost for a b	ousiness?	[1 mark]
	B Insurance	0			
	C Packaging	0			
	D Salaries	0			
0 7	Table 1 contai	ins information about the numb	er of cups of coffe	e served per d	ay in a cafe.
		Number of workers	3		
		Total number of cups of coffee served per day	415		
	Calculate the number.	average daily productivity of e	ach coffee shop w	orker, to the n	
					[1 mark]
	A 138	0			
	B 413	0			
	C 418	0			
	D 1245	0			



0 8		buys a new, efficient maching to reduced average costs.	ne and is also able to benefit from bulk-buying discounts,		
	The firm benefits from: [1 mark]				
	A exte	ernal economies of scale.	0		
	B fina	ncial and risk-bearing econo	omies of scale.		
	C mai	nagerial and marketing econ	omies of scale.		
	D tech	nnical and purchasing econo	mies of scale.		
0 9	Table week.	2 contains information about	t prices and quantities of umbrellas demanded per Table 2		
		Price of umbrellas (£)	Quantity of umbrellas demanded per week		
		£20	15 000		
		£17	16 500		
		ate, to 2 decimal places, the om £20 to £17.	price elasticity of demand for umbrellas when the price [1 mark]		
	A -1.5	50			



B -0.67

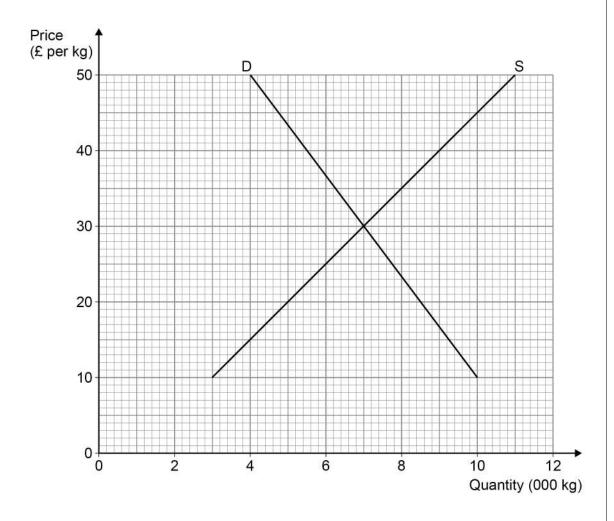
0.67

1.50

D

1 0 Figure 1 shows the quantities of tea supplied and demanded at various prices.

Figure 1



What is the excess supply at a price of £40 per kg?

[1 mark]

A 0kg

0

B 3500kg

0

C 7000kg

0

D 9000kg

0



1 1	State two benefits to firms of a division of labour.	[2 marks]
	Benefit 1	
	Benefit 2	
1 2	Explain one factor that might shift the demand curve for foreign holidays to t	he right. [2 marks]
1 3	Explain one way the main economic groups may interact with each other.	[2 marks]
	Turn over for the next question	



1 4

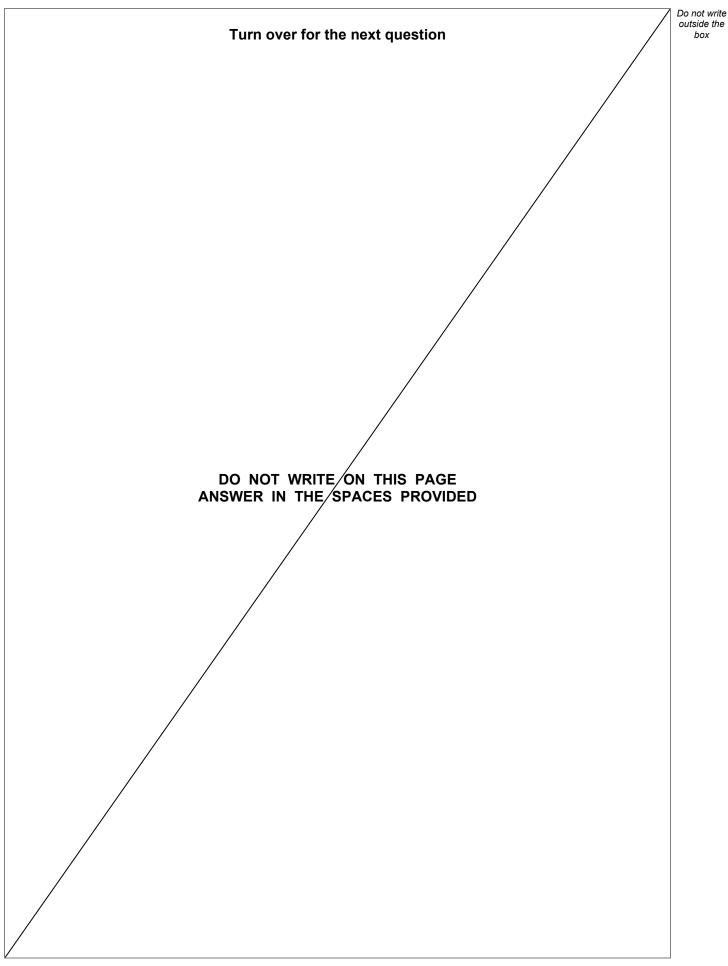
Table 3 shows price and quantity information for loaves of bread made by a bakery.

Table 3

Price per loaf of bread (£)	Quantity of loaves of bread made per week
1.20	1800
1.50	2700

1 4.1	Using Table 3 , calculate the price elasticity of supply of loaves of bread if the price of each loaf increases from £1.20 to £1.50. [2 marks]
	Answer
1 4.2	Explain one possible factor affecting the price elasticity of supply of a bakery. [2 marks]



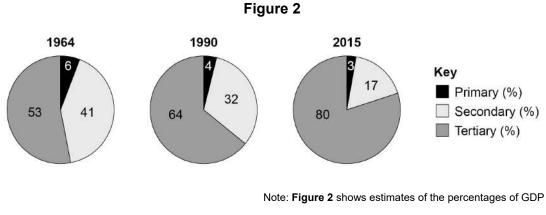


box



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Figure 2 shows the percentage of GDP made up by the three main economic sectors of the UK in 1964, 1990 and 2015.



1 5 Using Figure 2, analyse the possible impacts upon the labour market of changes in the relative sizes of the economic sectors in the UK. [6 marks] Extra space



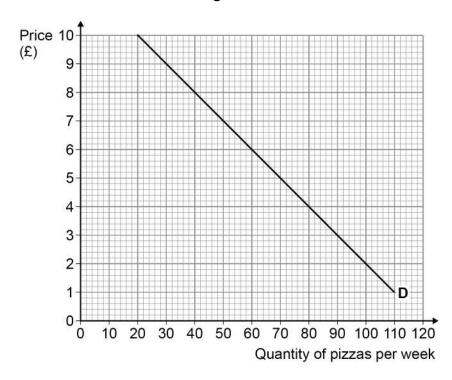
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1 6	State two possible diseconomies of scale to a firm when it grows in size.	[2 marks]
	Diseconomy 1	
	Diseconomy 2	
1 7	Explain why individuals must make economic choices.	[2 marks]
1 8	Explain one ethical issue that may result from producers seeking to earn very profits.	ery high [2 marks]
	Turn over for the next question	



1 9 Figure 3 is a graph of the demand curve for a fast food restaurant's pizzas.

Figure 3



1 9 . 1	Using Figure 3, calculate the weekly revenue made by the restaurant if it charges a
	price of £7 per pizza.

			[2 marks]

Answer £

		Do not write outside the
1 9 . 2	Explain one possible reason why the restaurant may wish to reduce the price of its	box
	pizzas.	
	[2 marks]	
	Turn over for the next question	
	rum over for the next question	



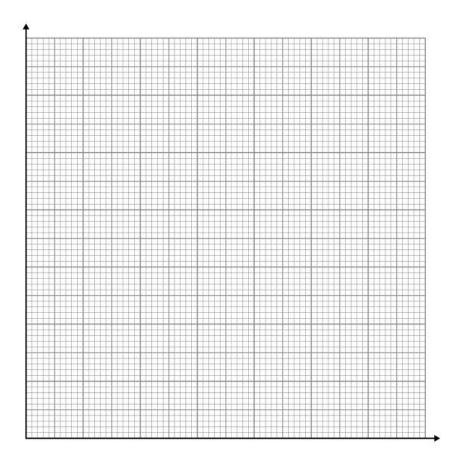
Table 4 shows sales of two video game console manufacturers in 2017 and 2019.

Table 4

Video game console manufacturer	2017 (millions of consoles)	2019 (millions of consoles)
Nintendo	12	25
Microsoft	8	5

Using the information in **Table 4**, draw and label a bar chart to show sales of video game consoles made by Nintendo and Microsoft in 2017 and 2019.

[3 marks]





Do not write outside the

Figure 4

The Competition and Markets Authority (CMA) is a government department that promotes competition in the UK. Its aim is to encourage fair competition between firms, so that markets work well for consumers. It investigates markets if there is a danger that a lack of fair competition exists.

The CMA recently investigated:

- 1. Whether dairy farmers were being exploited by large supermarkets, and whether these supermarkets also worked together to increase prices of milk and cheese for consumers.
- 2. The major petrol companies and 'big four' supermarkets for not reducing petrol prices at their petrol stations after crude oil prices fell.
- 3. A lack of competition among high street banks, leading to poor customer service and excessive fees, eg for arranging an overdraft.

Firms in non-competitive markets argue that they benefit consumers and the UK economy as a whole. They say that consumers benefit from better quality and lower prices and that the UK economy may be more internationally competitive.

2 1	Using Figure 4 , assess the costs and benefits to consumers of having a ndominated by a small number of firms.	narket
	dominated by a small number of limits.	[9 marks]



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Section B

Answer all questions in the spaces provided.

Item A – Flooding in the UK, 2019

In 2019, heavy rainfall led to many areas of the UK being affected by severe flooding. This led to significant damage to houses, businesses and vehicles. There were wider effects upon the UK economy and its population of 67 million people as many were unable to travel to work, meaning production fell. People were also unable to visit shops and restaurants meaning that these businesses lost revenue.

The UK Government proposed to spend large sums of money to reduce the problems of flooding in the future, as outlined in **Table 5**.

Table 5 – Methods to prevent flooding

Item	Cost (£m)
Raising river banks	32.8
Flood barriers	120.3
Dredging river beds	17.0
Flood warning systems	28.7
Restoring rivers to natural courses	15.5
Introducing water storage areas	12.6
Modifying homes and buildings	212.8
Tree planting	19.1



Item B - Global warming

Global warming refers to the increasing temperature of the Earth's atmosphere and oceans. Many scientists are certain that the main cause of global warming is increasing levels of greenhouse gases caused by the burning of fossil fuels and by deforestation. Consequences of global warming include more extreme weather, loss of farmland and increased flooding.

Economists point out the unfairness of global warming. They state that it is mainly caused by activities in more economically developed countries, such as the UK. However, the consequences are often faced by citizens of less economically developed countries, who are less financially able to deal with them.

Many economists argue that global warming is an inevitable consequence of economic growth, and that it will reduce the ability of future generations to enjoy an improved standard of living. They say that there is often a conflict between economic growth and sustainability.

The governments of more economically developed economies, such as the UK, argue that less economically developed economies, such as China and India, should do more to solve global warming, for example by reducing their emissions of greenhouse gases. However, this may lead to reduced growth in these countries.

Countries such as China argue that many of the problems of global warming have been created by more economically developed economies which grew rapidly in the past. They argue that these countries should do more to help less economically developed economies. This would include providing more money to help them cope with the effects of extreme weather, such as flooding.

Potential solutions to the problem of global warming include reduced use of fossil fuels such as coal and oil, along with greater use of renewable forms of energy such as solar and wind energy.

Table 6 – Emissions and other data for UK and China, 2017

Country	Share of global emissions	Share of global Gross Domestic Product (GDP)	Share of global population
UK	1.0%	3.1%	0.9%
China	29.3%	16.2%	18.5%

Source: various news reports, 2019.



2 2	Define the term 'market failure'.	Do not write outside the box
	[2 marks]	
2 3	Using Table 5 and Item A , calculate the cost per person of the UK Government's proposed spending on methods to prevent flooding.	
	Give your answer to the nearest pound. [3 marks]	
	[o marko]	
	Answer £	
	Turn over for the next question	

2 4	Explain two methods the UK Government could use to correct the market failure	Do not write outside the box
	associated with global warming. [6 marks]	
	Method 1	
	Method 2	



2 5		Do not write outside the box
2 5	Analyse the possible external costs to the global economy that might result from global warming.	DOX
	[6 marks]	
	Extra space	
	Turn over for the next question	



		Do not write
2 6	Do you think the UK Government should do more to correct the market failure associated with global warming?	outside the
	Use Items A and B and your own economic knowledge to justify your view. [15 marks]	



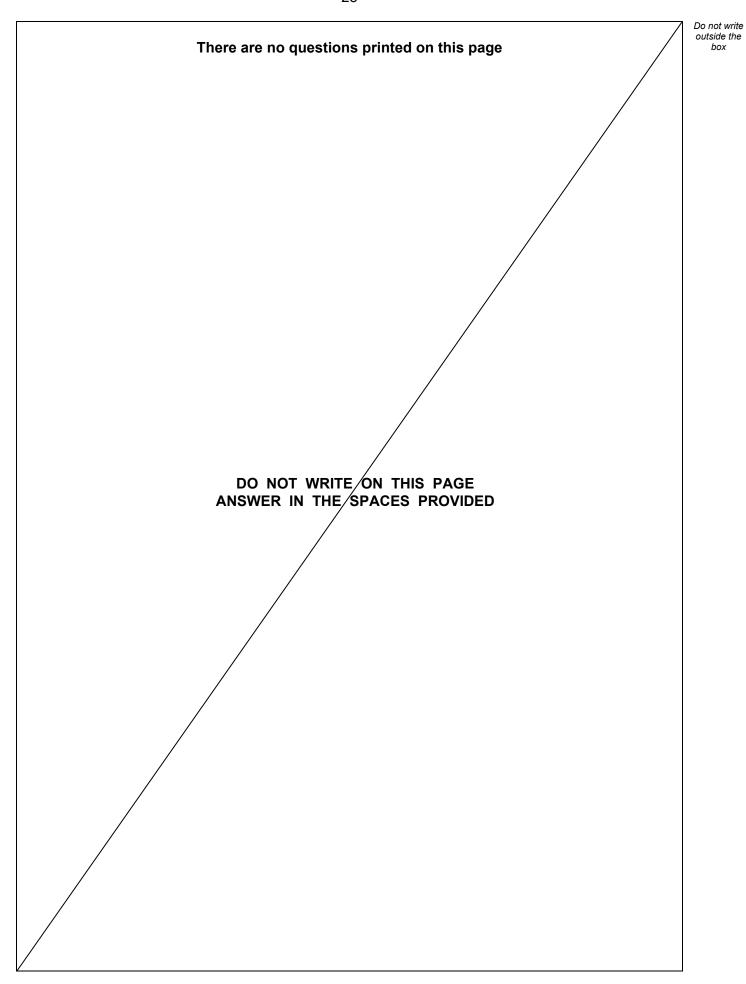
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	32
END OF QUESTIONS	







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