



Rewarding Learning

General Certificate of Secondary Education  
2023

Centre Number

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Candidate Number

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# Economics

Paper 1



\*G9281\*

[G9281]

WEDNESDAY 17 MAY, AFTERNOON

### TIME

1 hour 45 minutes.

### INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number in the spaces provided at the top of this page.

You should answer all questions in the spaces provided.

If you do not have enough space to complete your answer, extra lined pages are provided at the back of the booklet.

Answer **all three** questions in **Section A**.

Answer **both** questions in **Section B**.

Answer **one** question from questions 6, 7 and 8 in **Section C**.

### INFORMATION FOR CANDIDATES

The total mark for this paper is 90.

Any working should be clearly shown since marks may be awarded for partially correct solutions.

Your quality of written communication will be taken into account in assessing your answer to question **4(e)** in **Section B** and the question that you choose to answer from **Section C**.

### ADVICE TO CANDIDATES

You should take into account the maximum marks available when deciding how much time to spend on each question or part question.

For Examiner's use only	
Question Number	Marks
<b>Section A</b>	
1	
2	
3	
<b>Section B</b>	
4	
5	
<b>Section C</b>	
6	
7	
8	
<b>Total Marks</b>	

## Section A

Answer **all three** questions

1 Jaguar Land Rover has a factory in England, and it produces over 450 000 cars per year. It enjoys the benefits of economies of scale and is now one of the most efficient car manufacturing operations in Europe.

(a) Explain **one** factor of production, other than enterprise, used by Jaguar Land Rover.

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[2]

(b) Explain **two** types of internal economies of scale Jaguar Land Rover is likely to benefit from.

1. \_\_\_\_\_

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[2]

2. \_\_\_\_\_

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[2]

Examiner Only	
Marks	Remark

**2** Chancellor Rishi Sunak announced that corporation tax would increase from 19% to 25% in 2023, making him the first chancellor to raise the levy since 1974. The move will raise an additional £17bn a year in revenue for the UK government. This was met with dismay from business leaders, who warned that it would reverse a decade-long plan to make the UK one of the most tax-competitive countries in the world.

*Source: © Adapted from <https://www.theguardian.com/uk-news/2021/mar/03/rishi-sunaks-budget-brings-first-corporation-tax-rise-since-1974>*

**(a)** What is meant by corporation tax?

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[2]

**(b)** Explain **one** possible reason why the government wants to increase corporation tax.

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[2]

**(c)** Explain **one** possible reason why business leaders are against the corporation tax increase.

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[2]

Examiner Only	
Marks	Remark

Examiner Only	
Marks	Remark

3 The UK generally imports more than it exports. The UK has run a trade deficit in goods and services combined every year since 1999. In 2020, the UK had a trade deficit with the EU of £51 billion.

*Source: Adapted from www.ons.gov.uk*

(a) Explain what is meant by exports.

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[2]

(b) Explain what is meant by a trade deficit.

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[2]

(c) Explain **two** possible disadvantages of a rising trade deficit.

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[2]

2. \_\_\_\_\_

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[2]

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**(Questions continue overleaf)**

### Section B

Answer **both** questions

- 4 Michelle owns a small fashion business selling clothes, which operates in her local village in County Down. **Table 1** below is a demand and supply schedule for Michelle’s business.

**Table 1:  
Demand and supply schedule for Michelle’s business**

Price (£)	Quantity demanded units	Quantity supplied units
10	100	40
20	80	60
30	60	80
40	40	100
50	20	120

- (a)** Using the information in **Table 1**, draw and label a supply and demand diagram for Michelle’s business on the graph paper opposite. Label the diagram carefully, including the market clearing (equilibrium) price and quantity. [5]
- (b)** The quantity supplied increases by 20 units at every price. On your diagram, show how this will affect the market clearing (equilibrium) price and quantity. [3]
- (c)** Explain one factor that may have caused an increase in the supply of clothes for Michelle’s business.

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[2]

Examiner Only	
Marks	Remark



Michelle needs a new smartphone for her business. She will need to use credit to purchase it. The total cost of the smartphone is £900. **Table 2** below shows the financial products that may be available and their rates of interest.

**Table 2:**  
**Financial products**

<b>Credit card</b>	24%
<b>Bank overdraft</b>	16%

(d) Using an example, explain what is meant by the rate of interest when Michelle borrows money to pay for her smartphone.

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[2]

Examiner Only	
Marks	Remark



(e) Discuss whether Michelle should use a credit card or a bank overdraft to purchase the smartphone.

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[8]

Examiner Only	
Marks	Remark

[Turn over

5 Study the information below and answer the questions that follow.

**Fig. 1** below shows the UK unemployment rate (%) from 2017 to 2021. During 2020 and 2021 young people had been particularly badly hit by the pandemic. Shops, pubs, restaurants and entertainment were unable to fully open and these are areas where lots of young people work. In 2020 the number of under-25s on company payrolls fell by 289 000.

Source: Adapted from <https://www.bbc.co.uk/news/business-52660591>



**Fig. 1: UK Unemployment Rate (%) 2017–2021**

(a) Explain what is meant by the term unemployment.

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[2]

Examiner Only	
Marks	Remark

(b) Using **Fig. 1**, describe what happened to the rate of unemployment between 2017 and 2021.

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[4]

(c) Explain **two** costs to the economy of rising unemployment in recent years.

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[3]

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[3]

Examiner Only	
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(d) Explain **two** ways in which the government might respond to rising unemployment.

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Examiner Only	
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**(Questions continue overleaf)**

## Section C

Answer **one** question

**6** The annual UK inflation rate, as measured by the Consumer Price Index (CPI), doubled in April 2021. Some categories of the goods and services included in the calculation of the “average basket of goods”, for example, energy and clothing costs, drove prices higher. The jump to 1.5% from 0.75% means consumer prices are rising at their fastest rate in over a year. However, a government representative has said that the UK must continue to keep inflation at a low level.

**(a)** Explain what is meant by inflation and outline how is it measured.

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[6]

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**(b)** Examine the costs of high inflation for individuals, firms and the economy as a whole.

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[9]

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(b) Explain possible reasons for the high levels of UK consumer debt.

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[9]

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Examiner Only	
Marks	Remark











## Sources

Q2.....© Adapted from <https://www.theguardian.com/uk-news/2021/mar/03/rishi-sunaks-budget-brings-first-corporation-tax-rise-since-1974>

Q3.....© Office of National Statistics. All Content is available under the Open Government Licence v3.0 , except where otherwise stated.

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