



General Certificate of Secondary Education

Centre Number

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Candidate Number

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Economics

Paper 1



[G9281]

G9281

SPECIMEN PAPER FOR STYLE

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 must answer all questions in the spaces provided.

Do not write outside the boxed area on each page, or on blank pages.

Complete in black ink only. **Do not write with a gel pen.**

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 **5(c)** 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.

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Section A

Answer **all three** questions

- 1 A small furniture-making business wants to increase output but factors of production are scarce. The owner has been advised that it is possible to increase output through specialisation.

(a) Identify **two** factors of production.

1. _____ [1]

2. _____ [1]

(b) Using an example, explain what is meant by specialisation.

_____ [2]



(c) Explain **one** advantage and **one** disadvantage of specialisation.

Advantage

[2]

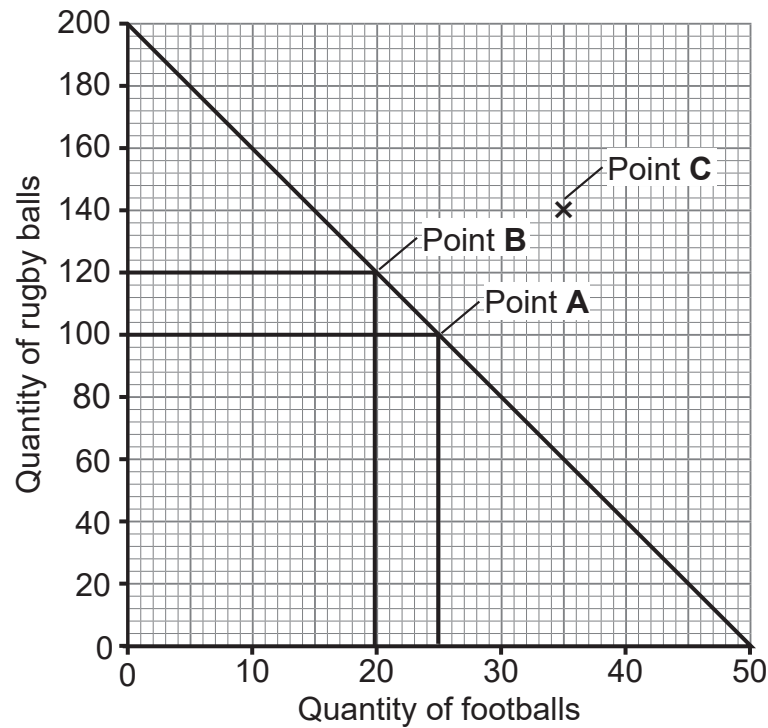
Disadvantage

[2]

[Turn over



- 2 FootRuggers, a small firm producing rugby balls and footballs, makes choices about how to use its limited resources. The Production Possibility Frontier (PPF) diagram below shows their production possibilities for rugby balls and footballs. They are currently producing at point **A**.



- (a) Using an example, explain what is meant by opportunity cost.

[2]

- (b) What is the opportunity cost of increasing the number of rugby balls by 20, as shown in the PPF diagram above, by a move from Point **A** to Point **B**?

[2]



(c) Explain how FootRuggers could produce at Point C shown on the PPF diagram.

[2]

[Turn over



3 In January 2020, Northern Ireland's rate of unemployment was 2.3%, lower than the UK's 3.8%. However, there are worries that unemployment may increase if the economy goes into recession.

(a) What is meant by unemployment?

[2]

(b) During a recession, cyclical unemployment usually tends to rise sharply. What is cyclical unemployment?

[2]

(c) Explain **one** cost of unemployment to the UK economy.

[2]





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Section B

Answer **both** questions

- 4 Study the information below and answer the questions that follow.

Greenways Farm is a small farming business that specialises in providing fresh good quality produce all year round for a local market. Its main customers are hotels and restaurants. It also sells directly to the public through a farm shop located in rented premises in the town.

The table below shows the weekly demand and supply for curly kale, a type of cabbage, which is sold by the kilo and is one of its most successful products.

Table 1:
Demand and supply for curly kale per week at a range of prices

Price (£s)	Demand (kilograms)	Supply (kilograms)
0.5	70	20
1.0	60	30
1.5	50	40
2.0	40	50
2.5	30	60
3.0	20	70

- (a) Using the information in **Table 1**, plot the demand and supply curve on the graph paper opposite to show the weekly market for Greenways Farm's curly kale.

You should clearly label:

- (i) the axes,
- (ii) the demand curve,
- (iii) the supply curve,
- (iv) the equilibrium (market clearing) price,
- (v) the equilibrium quantity.

[6]



- (b) A local hotel, one of the farm's most important customers, has decided to change its menu. The result is a fall in demand of 10 kilograms per week at every price for curly kale.

On your graph, show how this change affects the market. Label your graph carefully and state the new equilibrium price and quantity. [4]

- (c) The hotel wants to order more green beans instead of curly kale. The price elasticity of supply for green beans is price inelastic.

- (i) Explain what is meant by price elasticity of supply.

[2]

- (ii) Explain **one** possible reason why the farm's price elasticity of supply for beans could be price inelastic.

[2]



(d) Greenways Farm has decided to close the farm shop in the rented premises in town and replace it with an expensive system of vending machines which can be situated on their own land. The shop employed four part-time workers to pack vegetables and deal with customers.

The new vending machines require electricity to keep them cool. Also, the workers will not be totally replaced because the vending machines have to be checked and restocked throughout the day at regular intervals.

Explain **one** possible effect of replacing the farm shop with vending machines on Greenways Farm in relation to both:

(i) Fixed costs

(ii) Variable costs

[6]

[Turn over



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

How income in the UK is shared

The UK has a very high level of income inequality. **Fig. 1** below shows how UK income was shared between households in 2018.

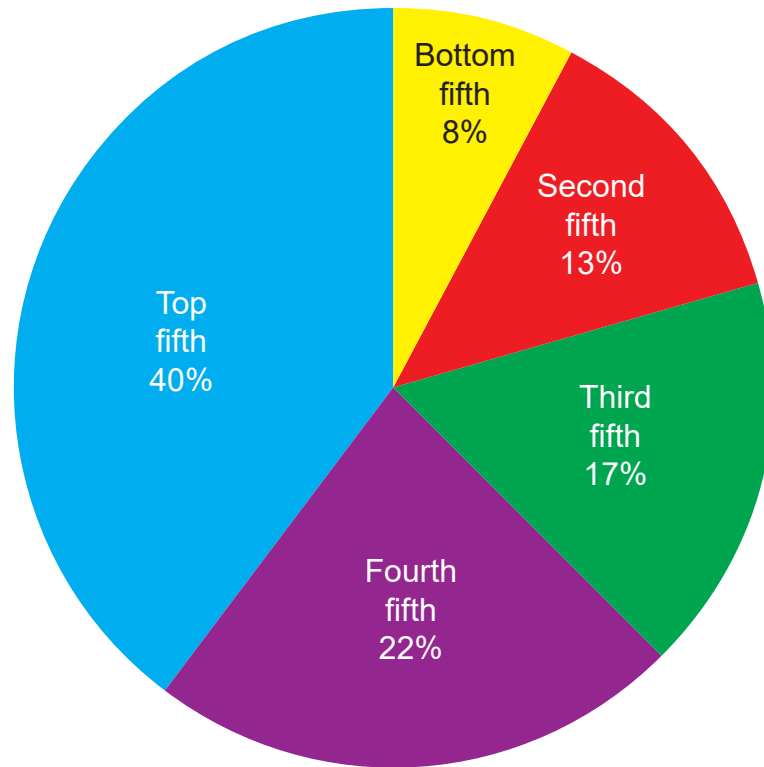


Fig. 1: UK income inequality between households

These differences in income have a serious knock-on effect on overall economic inequality. For example, they affect the choices that people have about the types of homes they can live in, the financial credit that they can access, the opportunities they can provide for their children and the preparation they can make for retirement.



New evidence shows that obtaining a university degree can help to reduce income inequality. **Fig. 2** below shows the average hourly wage rate over a lifetime for men and women with a degree qualification compared to those with just A levels.

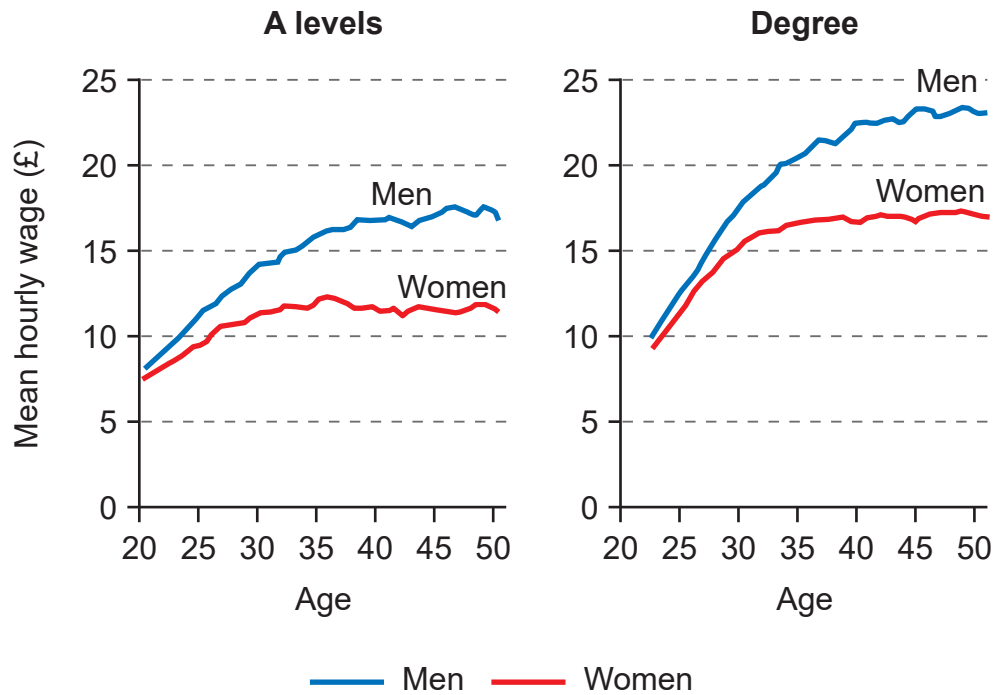


Fig. 2: Educational qualifications and hourly wages over a worker's life cycle

(a) Using **Fig. 1**, state the difference between the percentage of total income of the top fifth and the bottom fifth of UK households.

[2]

[Turn over



(b) Explain **two** effects of income inequality on the UK economy.

1. _____

2. _____

_____ [4]



(d) Analyse **two** policies that the government could use to reduce income inequality.

1. _____

2. _____

_____ [8]





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Section C

Answer **one** question

- 6 The UK's mobile phone market is dominated by three main service providers who together account for 75% of the market. The remaining 25% of the market is shared between six other providers. In 2015, BT bought the mobile phone company EE to become one of the largest mobile operators in the UK. Sky, another major telecommunications conglomerate, is also a recent entrant to the UK's mobile phone market.

Company	Share of UK market (%)
BT	26%
O2	25%
Vodafone	24%
Three	12%
Tesco Mobile	6%
Virgin Mobile	4%
ID Mobile	1%
Talk Talk	1%
Sky	1%



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

Examiner Number

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