



Surname _____

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I declare this is my own work.

GCSE

ECONOMICS

Paper 1 How Markets Work

8136/1

Wednesday 17 May 2023

Afternoon

Time allowed: 1 hour 45 minutes

At the top of the page, write your surname and forename(s), your centre number, your candidate number and add your signature.

[Turn over]



MATERIALS

For this paper you must have:

- **an insert.**

You may use a calculator.

INSTRUCTIONS

- **Use black ink or black ball-point pen.**
- **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.

DO NOT TURN OVER UNTIL TOLD TO DO SO



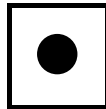
SECTION A

Answer ALL questions in the spaces provided.

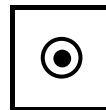
For questions with four responses, only ONE answer per question is allowed.

For each question, completely fill in the circle alongside the appropriate answer.

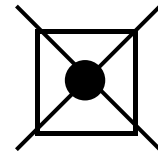
CORRECT METHOD



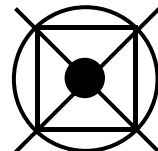
WRONG METHODS



If you want to change your answer you must cross out your original answer as shown.



If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown.



0	1
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Which of the following best describes the equilibrium price in a market?

☐

A Where all consumers are satisfied

☐

B Where profit is maximised

☐

C Where quantity supplied equals quantity demanded

☐

D Where quantity supplied exceeds quantity demanded

[1 mark]

[Turn over]



0	2
---	---

Which of the following could lead to a reduction in the quantity supplied of a product?

☐

A A decrease in demand for the product

☐

B A decrease in the cost of making the product

☐

C An increase in the popularity of the product

☐

D An increase in the price of the product

[1 mark]



0	3
---	---

A firm can reduce its average costs in the long run by making effective use of a large machine. This is an example of

☐

A financial economies of scale.

☐

B purchasing economies of scale.

☐

C risk-bearing economies of scale.

☐

D technical economies of scale.

[1 mark]

[Turn over]



0	4
---	---

Which of the following would be included in the tertiary sector of an economy?

☐

A A farm

☐

B A leisure centre

☐

C Construction

☐

D Fishing

[1 mark]



0	5
---	---

Which of the following is an example of a variable cost?

☐

A Insurance

☐

B Raw materials

☐

C Rent

☐

D Salaries

[1 mark]

[Turn over]



0	6
---	---

In which jobs are earnings likely to be highest?

☐

A In those where it is easy to replace workers

☐

B In those where workers are paid weekly

☐

C In those with an excess supply of labour

☐

D In those with long training periods

[1 mark]



0	7
---	---

Which of the following is a reason for a firm having price elastic supply?

☐

A A high amount of spare capacity

☐

B A low number of substitutes

☐

C High consumer incomes

☐

D Low stocks of raw materials

[1 mark]

[Turn over]



0	8
---	---

A 5% decrease in the price of newspapers leads to a 4% increase in the quantity demanded. What is the price elasticity of demand for newspapers?

☐

A -1.25

☐

B -0.8

☐

C $+0.8$

☐

D $+1.25$

[1 mark]



0	9
---	---

Which of the following are most likely to be substitutes for each other?

☐

A Books and tablet computers

☐

B Cars and petrol

☐

C Coffee and sugar

☐

D Torches and batteries

[1 mark]

[Turn over]



10

TABLE 1 shows the quantities of wood supplied and demanded at various prices.

TABLE 1

PRICE (£ per tonne)	QUANTITY DEMANDED (tonnes)	QUANTITY SUPPLIED (tonnes)
25	150	50
50	125	75
75	100	100
100	75	125
125	50	150



What is the excess supply at a price of £100 per tonne?

☐

A 25 tonnes

☐

B 50 tonnes

☐

C 75 tonnes

☐

D 100 tonnes

[1 mark]

[Turn over]



1	1
---	---

State TWO different examples of the factor of production known as land. [2 marks]

Example 1 _____

Example 2 _____



1	2
---	---

Explain ONE reason why an individual consumer may have to make an economic choice. [2 marks]

[Turn over]



1	3
---	---

Explain ONE benefit of specialisation for an individual worker. [2 marks]

BLANK PAGE

[Turn over]



14

TABLE 2 shows revenue and cost data relating to Paul's surfboard-making business.

TABLE 2

Number of surfboards produced and sold	TOTAL REVENUE (£)	TOTAL COST (£)
0	0	1500
5	1000	2000
10	2000	2500
15	3000	3000
20	4000	3500

14.1

Using TABLE 2, calculate the average fixed cost of making 15 surfboards. [2 marks]



Answer £

1	4	.	2
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Explain ONE business objective Paul might have.
[2 marks]

[Turn over]



FIGURE 1 – Price elasticity of demand for two products

Loaf of bread	–0.2
Car	–2.5

1 5

Using FIGURE 1, analyse possible reasons for the differences in price elasticity of demand for the two products. [6 marks]





1	6
---	---

**State TWO features of a non-competitive market.
[2 marks]**

1

2

[Turn over]



1	7
---	---

Explain ONE possible disadvantage to a firm of increasing its scale of output. [2 marks]

1	8
---	---

Explain ONE key economic decision for a producer.
[2 marks]

[Turn over]



19

FIGURE 2 shows **MONTHLY** pay data for Tharun, who works as a veterinary surgeon.

FIGURE 2

Gross pay	£2500
National Insurance contributions	£270
Income tax	£350

19.1

Using **FIGURE 2**, calculate Tharun's **ANNUAL** net pay.
[2 marks]



19.2

Explain ONE reason why Tharun may earn more than a cleaner. [2 marks]

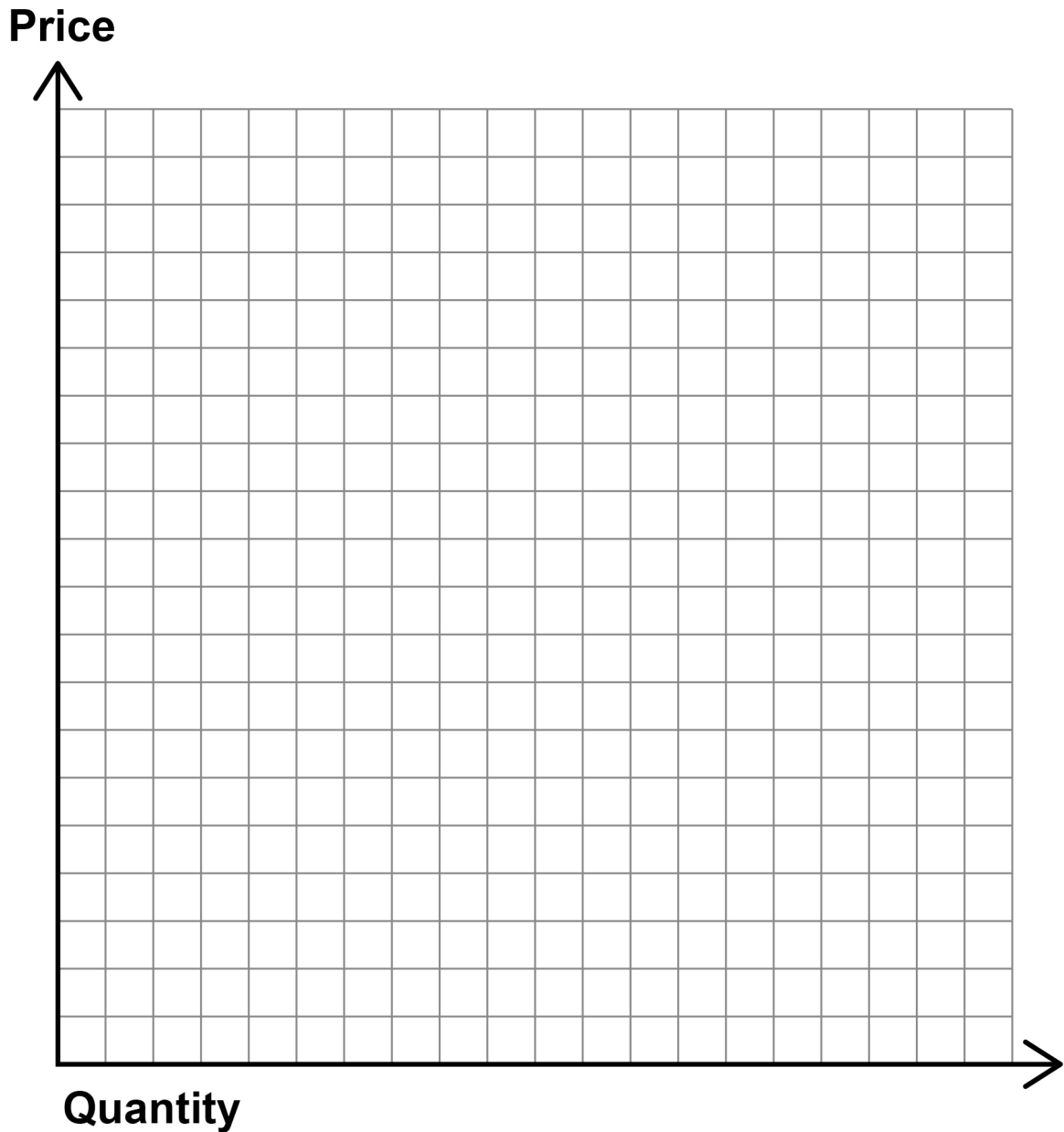
[Turn over]



2	0
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Draw and label the effects of an increase in the price of petrol cars on the market for petrol. [3 marks]

MARKET FOR PETROL



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[Turn over]



FIGURE 3 and TABLE 3 are provided in the separate insert.

2	1
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Using FIGURE 3 and TABLE 3 provided in the separate insert, assess whether the advantages of a competitive market such as a local farmers' market outweigh the disadvantages for consumers. [9 marks]

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[Turn over]

48



SECTION B

Answer ALL questions in the spaces provided.

The source material for use in answering SECTION B is provided in the separate insert.

2	2
---	---

Define the term ‘social cost’. [2 marks]

2	3
---	---

Using ITEM A AND FIGURE 5, provided in the separate insert, calculate the estimated total cost per kilometre of HS2. Give your answer to the NEAREST £. [3 marks]

Answer £

[Turn over]



24

Analyse the possible impact(s) upon labour markets of the cancellation of part of Phase 2b of HS2 to Leeds.

[6 marks]

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[illegible]

[Turn over]



2	5
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Explain TWO possible external benefits of HS2.
[6 marks]

1



2

[Turn over]



26

Do you think that the overall benefits of HS2 are likely to be greater than the costs?

Use ITEMS A AND B, provided in the separate insert, and your own economic knowledge to justify your view. [15 marks]

[illegible]



[illegible]



[illegible]



[illegible]

[illegible]

[Turn over]



[illegible]

END OF QUESTIONS

32



Additional page, if required.

Write the question numbers in the left-hand margin.

[illegible]

Additional page, if required.

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For Examiner's Use	
Section	Mark
A	
B	
TOTAL	

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