

Surname	Centre Number	Candidate Number
Other Names		2



**GCE AS/A level**

1131/01

**ECONOMICS – EC1**

P.M. TUESDAY, 15 January 2013

1 hour

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
1	3	
2	4	
3	4	
4	4	
5	6	
6	8	
7	11	
8	2	
9	8	
<b>TOTAL</b>	<b>50</b>	

1131  
010001

**DO NOT OPEN THIS BOOKLET UNTIL YOU ARE TOLD TO DO SO.**

**ADDITIONAL MATERIALS**

In addition to this paper, you will need a calculator.

**INSTRUCTIONS TO CANDIDATES**

Use black ink or black ball-point pen.

Write your name, centre number and candidate number in the spaces at the top of this page.

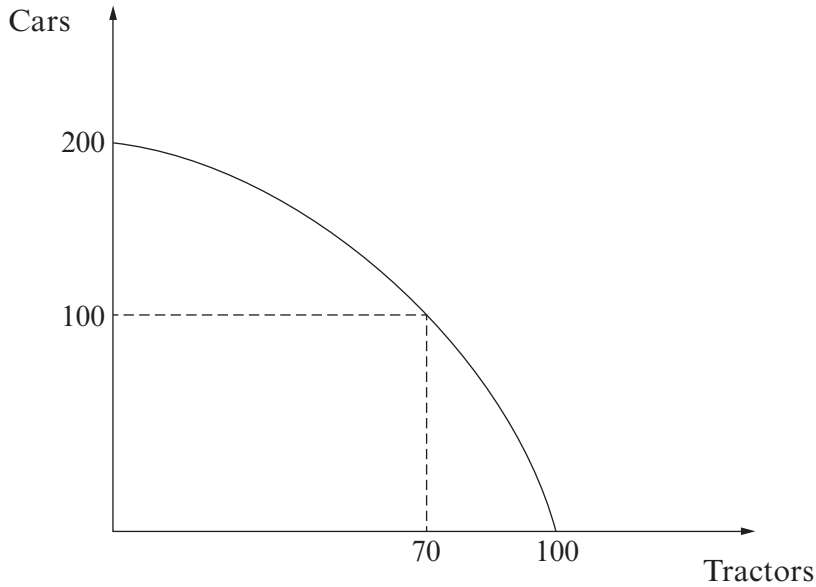
Answer **all** the questions in the spaces provided. You may use continuation paper on page 14 if necessary, taking care to number the continuation correctly.

**INFORMATION FOR CANDIDATES**

Mark allocations are shown in brackets. This paper has a total of 50 marks.

Answer **all** the questions in the spaces provided.

- 1. The diagram below shows a production possibility frontier for an economy that only produces cars and tractors.



Using the figures from the above diagram explain how a production possibility frontier can be used to illustrate the concept of opportunity cost. [3]

.....

.....

.....

.....

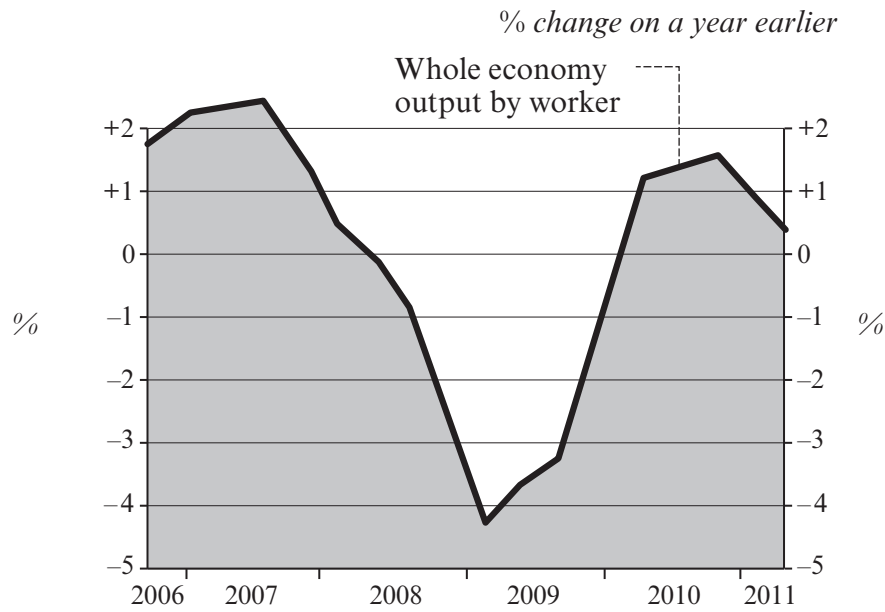
.....

.....

3

2.

### Productivity in the UK economy



Source: ONS

(a) Using the data explain what happened to productivity between 2008 and 2009. [2]

.....

.....

.....

.....

(b) Explain **one** factor which may affect productivity in the UK economy. [2]

.....

.....

.....

.....



4. The price of internet music downloads falls from 80p to 60p per track. As a result the demand for CDs at a chain of music stores falls by 10%. Calculate the value of the cross price elasticity of demand for CDs with respect to the price of music downloads. Explain the significance of your answer. [4]

.....

.....

.....

.....

.....

.....

.....

.....

.....

4

5. In many British schools Year 8 girls are offered a series of injections to reduce the chances of them contracting cervical cancer in later life. These injections are free to the girls, fully funded by the NHS, but if these injections were provided at their full price they would cost over £400.

Using the above information explain what is meant by

- (a) private costs [2]

.....

.....

.....

.....

- (b) private benefits [2]

.....

.....

.....

.....



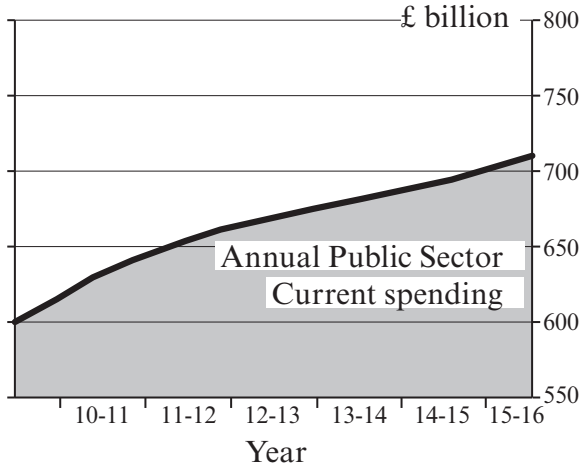
Examiner  
only

1131  
010007

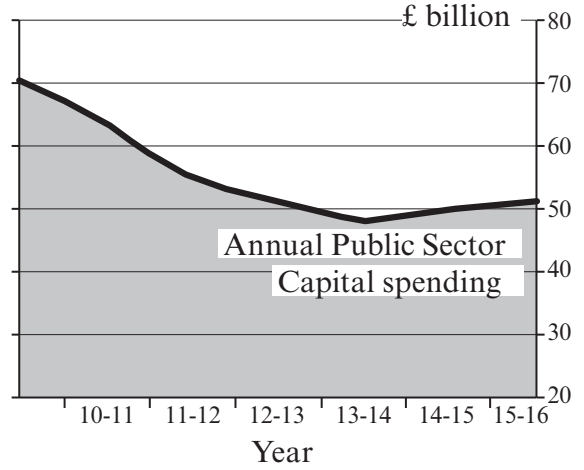
8

- 7. The UK coalition government has committed itself to reducing the budget (fiscal) deficit significantly by 2015. The data below shows the changes in the government's current and capital spending up to 2015.

**The government's current spending will keep on rising...**



**...while capital spending is being slashed**



Source: *Office for Budget Responsibility*

- (a) Distinguish with examples between current and capital expenditure by the government. [4]

.....

.....

.....

.....

.....

.....

.....

.....

.....

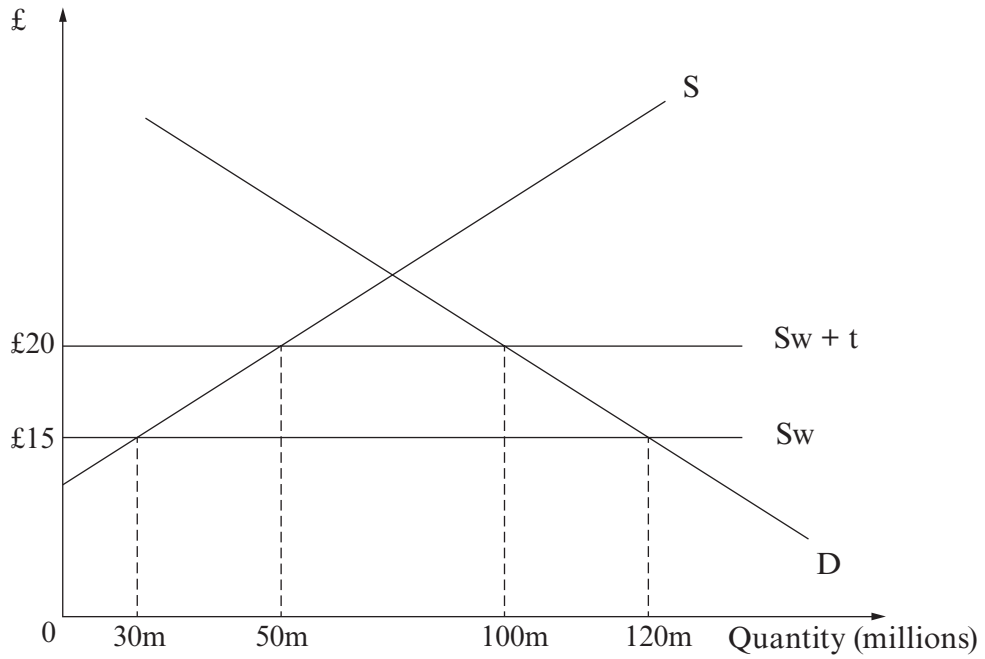
.....

.....





8. The diagram below shows a £5 tariff being imposed on an imported product with a world price of £15.



- (a) By how much will imports fall as a result of the tariff? [1]

.....

.....

- (b) What will be the government's revenue as a result of the tariff? [1]

.....

.....

2

**TURN OVER FOR  
QUESTION 9**



.....

.....

.....

.....

.....

.....

8

**END OF PAPER**

