

Surname	Centre Number	Candidate Number
Other Names		2



GCE A level

1133/01



S15-1133-01

ECONOMICS – EC3

P.M. THURSDAY, 11 June 2015

1 hour 45 minutes

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
1.	2	
2.	5	
3.	3	
4.	6	
5.	6	
6.	6	
7.	6	
8.	6	
9. or 10. or 11.	20	
Total	60	

ADDITIONAL MATERIALS

In addition to this examination 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 Section A. You may use continuation paper on page 10 if necessary, taking care to number the continuation correctly.

Answer **one** question from Section B.

You are advised to spend no more than one hour on Section A.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question. Section A has 40 marks and Section B has 20 marks.

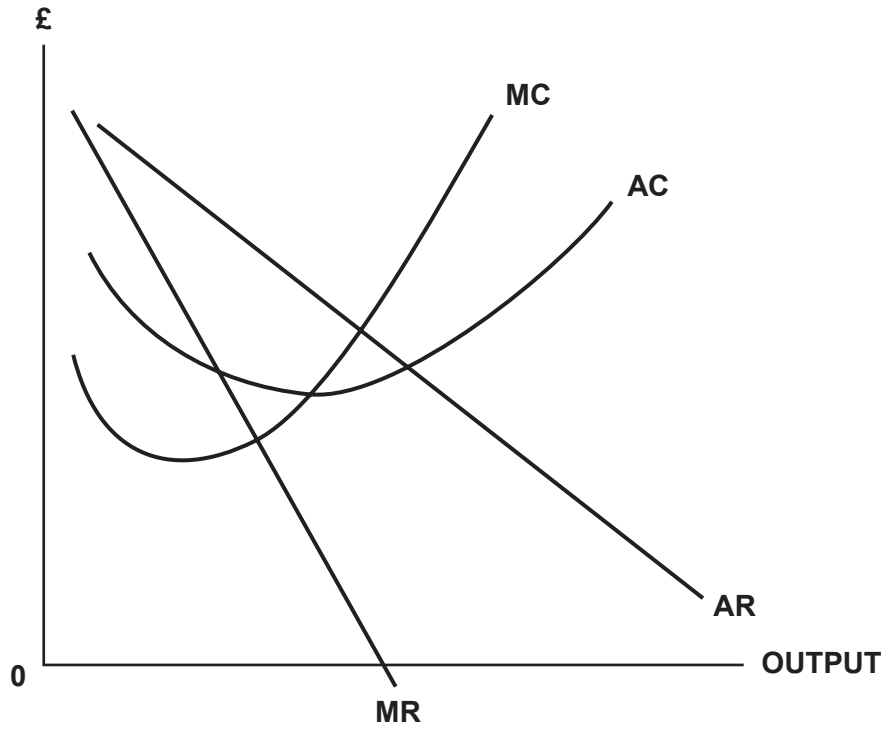
You are reminded that assessment will take into account the quality of written communication used in answers that involve extended writing (Section B).

You are reminded that the essay questions in Section B are synoptic and so will test understanding of the connections between the different elements of the subject.

SECTION A

Answer **all** questions in this section.

1. The diagram below shows a firm operating in an imperfect market.



Mark on the diagram the price and output where a firm would make only normal profits in the long run. Explain your answer. [2]

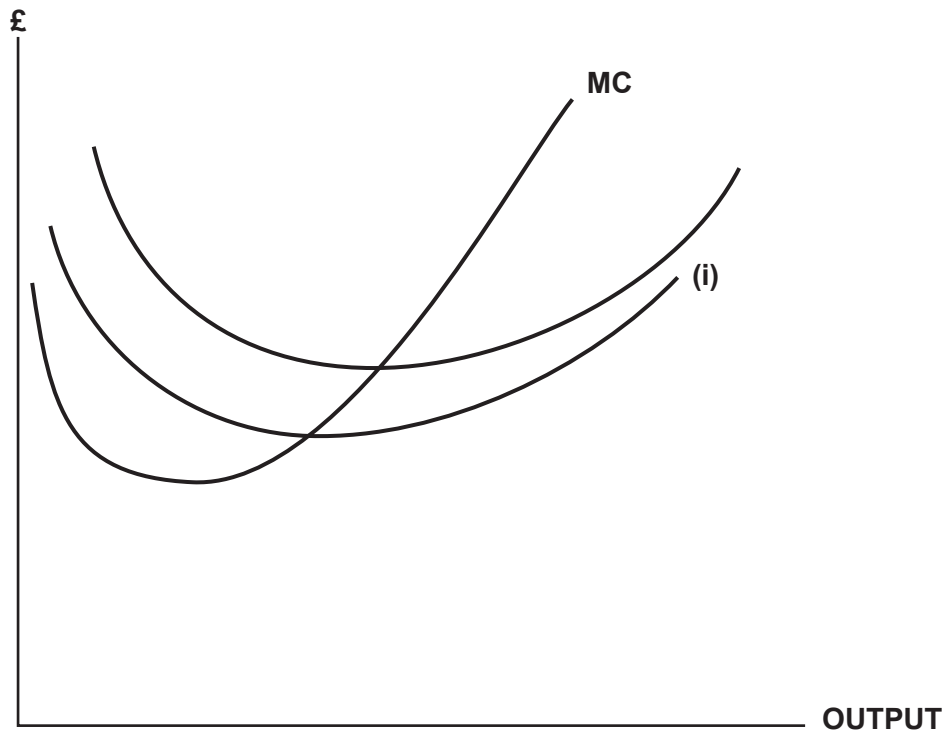
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2. The diagram below shows the short run cost curves of a firm.



(a) Identify the curve marked (i) in the diagram. [1]

(b) Explain how and why the marginal cost curve changes as more output is produced by the firm. [4]

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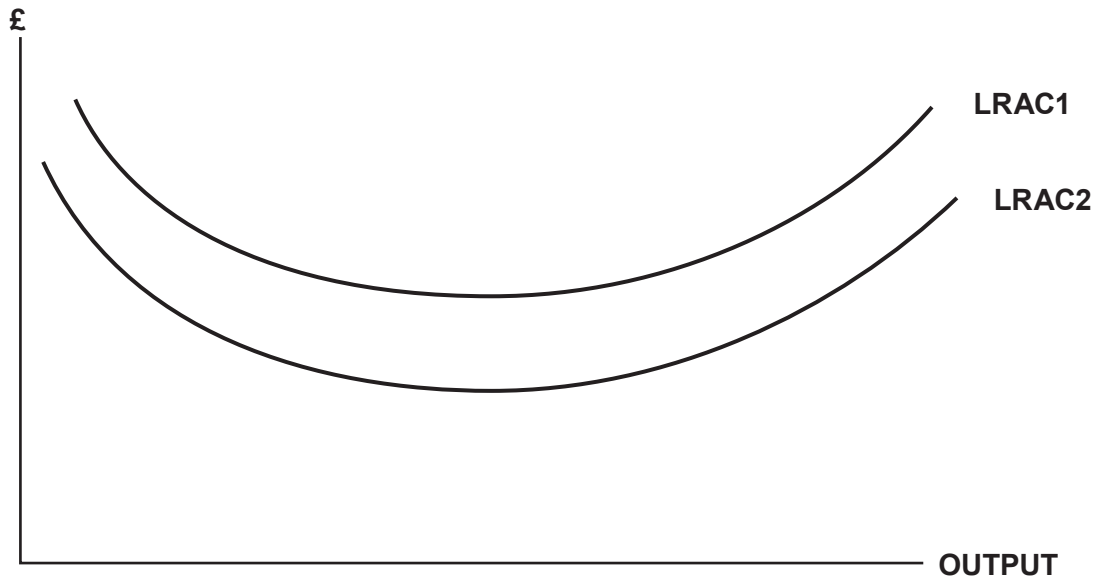
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3. The diagram below shows a change in the long run average costs for firms in a particular industry. The long run average cost curve has shifted from LRAC1 to LRAC2.



Using the above diagram and an appropriate example, explain what is meant by **external economies of scale**. [3]

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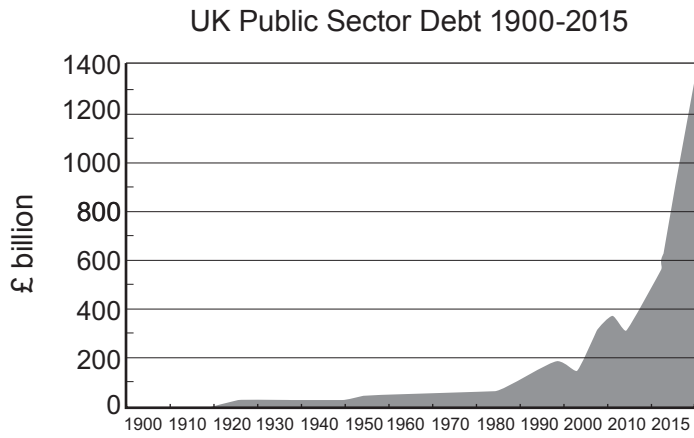
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6. The data below shows the level of the UK's public sector debt from 1900 to 2015.



(a) Distinguish between the public sector debt and the fiscal (budget) deficit. [2]

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(b) Explain **two** possible reasons for the changes in the size of the public sector debt from 2000 to 2015. [4]

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