Surname

Other Names



WJEC CBAC GCE AS/A level

1131/01

ECONOMICS – EC1

P.M. TUESDAY, 15 January 2013

l 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			
TOTAL	50			

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.



3

Examiner only



Turn over.

only In the summer of 2011 Hurricane Irene severely damaged the pumpkin crop in the US. Pumpkins are used extensively in the US to make pumpkin pie and to hollow out for lanterns 3. at Halloween. Given this information, using a demand and supply diagram explain why the price of a crate of pumpkins rose from \$150 to \$200 in the autumn of 2011. [4]

Examiner

(1131-01)

[4]

4

010005

Examiner only

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

demand for CDs at a chain of music stores falls by 10%.

music downloads. Explain the significance of your answer.

4.

5.

 (a) private costs
 [2]

 (b) private benefits
 [2]

Calculate the value of the cross price elasticity of demand for CDs with respect to the price of

The price of internet music downloads falls from 80p to 60p per track. As a result the

(c)	external benefits. [2]	Exam on
		6
In 20 wage wage could Irish bega	010, following a huge recession, the Irish government cut the hourly national minimum e by 1 euro to 7.65 euros per hour. According to the Irish government 'a high minimum e is a barrier to job creation for younger and less skilled workers.' However, such a move d take spending power out of the economy and be bad for economic growth. In 2011 the government restored the minimum wage to 8.65 euros per hour after the Irish economy n to recover.	
With is alv	the aid of a diagram and the above information, evaluate the view that a minimum wage vays bad for jobs. [8]	2
·····		
<u>.</u>		
••••••		

Examiner only
1131

- Examiner only
- 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.



(b)	Using the data, discuss whether the proposed changes in government spending are likely to benefit the UK economy. [7]	Examiner only
•••••		
•••••		
•••••		
••••••		
.		
•••••		
•••••		
•••••		
•••••		
••••••		
·····		
•••••		



TURN OVER FOR QUESTION 9

11

Turn over.

9. SWISS NATIONAL BANK ACTS TO WEAKEN STRONG FRANC.

After three years of steadily rising demand for the Swiss Franc (SF) the exchange rate hit a high point of 1 SF = 0.93 euros having been only 1 SF = 0.6 euros three years earlier. This has meant that a good costing 1000 SF has risen from 600 euros to 930 euros over this period (a price increase of 55 % for Swiss exports to the eurozone). The Swiss Government has now announced that it will intervene to reduce the value of the Swiss Franc. It has set an upper limit of 1 SF = 0.83 euros.

Using the data, evaluate the view that a high exchange rate is always bad for an economy. [8]

Examiner only Examiner only

END OF PAPER

13

For continuation only.	Examiner only
© WJEC CBAC Ltd. (1131-01)	