

Modified Enlarged 24pt
OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Tuesday 03 November 2020 – Morning

GCSE (9–1) Economics

J205/01 Introduction to Economics

Time allowed: 1 hour 30 minutes
plus your additional time allowance

YOU MUST HAVE:

the Resource Booklet (with this document)

YOU CAN USE:

a scientific or graphical calculator

Please write clearly in black ink.

Centre number

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Candidate number

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First name(s) _____

Last name _____

READ INSTRUCTIONS OVERLEAF



INSTRUCTIONS

Use black ink.

Write your answer to each question in the space provided. If you need extra space use the lined pages at the end of this booklet. The question numbers must be clearly shown.

Answer ALL the questions.

INFORMATION

The total mark for this paper is 80.

The marks for each question are shown in brackets [].

Quality of extended response will be assessed in questions marked with an asterisk (*).

The Resource Booklet contains Extracts 1, 2 and 3.

ADVICE

Read each question carefully before you start your answer.

SECTION A

Answer ALL the questions in this section.

Write your answer for each question in the box provided.

1 When a society does not use money to exchange goods and services it is called

A a barter economy

B a market economy

C equilibrium

D specialisation in production

Your answer **[1]**

2 Which of the following is an example of a market in operation? [1]

- A A country experiences inflation**
- B Consumers buy services from producers**
- C The government taxes producers**
- D Workers pay taxes out of their wages**

Your answer

☐

3 Which of the following would shift the supply curve for a good to the right? [1]

- A A fall in the firm's costs of production**
- B A positive change in consumer tastes**
- C A successful advertising campaign**
- D A tax on the good**

Your answer

☐

4 A chemist earns £40 000 a year. She has £100 000 in a bank account and the bank pays interest at 3% per year. Her gross income per year is

A £3000

B £40 000

C £43 000

D £140 000

Your answer **[1]**

5 Demand is defined as

- A the desire to purchase a good or service over time**
- B the relationship between the quantity of a good or service sold and consumer incomes**
- C the relationship between the total revenue a firm receives and the price**
- D the willingness and ability to purchase a good or service**

Your answer

[1]

6

	2018
Fixed cost	£12 000
Variable cost	£20 per unit
Output	300 units

The table shows some cost and output data for 2018 for a firm producing gloves. In 2019, variable costs increased by 15% but fixed costs and output did not change. Calculate the firm's total costs in 2019. [1]

- A £6900**
- B £18 000**
- C £18 900**
- D £20 700**

Your answer

7 A business which operates in the secondary sector

A grows agricultural products

B manufactures goods

C mines for commodities such as copper ore

D produces services

Your answer **[1]**

8 Which of the following is the MOST likely effect of an increase in advertising on the market for breakfast cereals? [1]

- A The market demand curve shifts to the left**
- B The market demand curve shifts to the right**
- C The market supply curve shifts to the left**
- D The market supply curve shifts to the right**

Your answer

☐

- 9** Traditionally, the main function of a building society is to
- A** help the government to fund any shortage in tax receipts
 - B** insure properties against damage
 - C** provide funds for individuals to purchase a house
 - D** provide funds for industry to invest

Your answer [1]

Sector	Percentage share of national output
Primary	10
Secondary	40
Tertiary	50

The table shows the share of national output for each sector of an economy in a year. Which conclusion can be made from the data? [1]

- A The economy is smaller than most other economies**
- B The secondary sector is four times larger than the primary sector**
- C The tertiary sector is the fastest growing sector**
- D The total value of national output is £100**

Your answer

11 Which of the following is MOST likely to increase the wage rate of teachers in the UK? [1]

- A A fall in the number of children of school age**
- B A shortage of qualified teachers**
- C An increase in the number of qualified teachers coming to the UK from abroad**
- D An increase in the number of young people training to teach**

Your answer

12 A market system allocates scarce resources through

- A government taxes and subsidies**
- B prices and incentives**
- C the allocation of state benefit payments**
- D the control of wages**

Your answer **[1]**

13 If there is an increase in demand, how will this affect the equilibrium price and quantity when a supply curve is unitary price elastic? [1]

- A The equilibrium price and equilibrium quantity will both increase**
- B The equilibrium price will increase but equilibrium quantity will not change**
- C The equilibrium quantity will increase but equilibrium price will not change**
- D There will be no change because the market is already in equilibrium**

Your answer

☐

14 Which of these workers produces output in the primary sector? [1]

A A farmer

B A nurse

C A waiter in a restaurant

D A worker on a building site

Your answer

Price (£)	Quantity demanded (per week)	Quantity supplied (per week)
5	600	150
10	500	300
15	400	400
20	300	350

The table provides information about the market for a good. The current price is £10. Which of the following statements is correct? [1]

- A Only a government price control can bring about equilibrium**
- B The current price is above the market equilibrium price**
- C There is excess demand of 200 units per week**
- D There is excess supply of 200 units per week**

Your answer

16 A firm's labour productivity will have increased when

- A the level of output and the labour force both decrease by 50%**
- B the level of output and the labour force both increase by 100%**
- C the level of output increases by 100% as the labour force increases by 80%**
- D the level of output increases by 100% as the labour force increases by 120%**

Your answer **[1]**

17 Which of the following is true for all factor markets? [1]

- A Demand is derived**
- B Final goods and services are bought and sold**
- C Households are the buyers**
- D Prices are determined by the government**

Your answer

☐

18 A flower seller increases her prices by 10% and finds that it has NO EFFECT on the amount that she sells. This suggests that demand for the flowers is

- A perfectly price elastic**
- B perfectly price inelastic**
- C price inelastic**
- D unitary price elastic**

Your answer

☐

[1]

19

Year	Wage rate (£ per week)	Quantity of workers
1	440	4000
2	400	5000

The table shows the wage rate and employment level for two years in a particular industry. What would explain the change from Year 1 to Year 2? [1]

- A A decrease in the demand for labour
- B A decrease in the supply of labour
- C An increase in the demand for labour
- D An increase in the supply of labour

Your answer

20 Which of the following is an INCORRECT statement about consumers? [1]

- A Goods and services are bought for personal use**
- B They compare the satisfaction of consumption against the price when making a purchase**
- C They decide what goods and services will be produced**
- D They have little power in the market**

Your answer

☐

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SECTION B

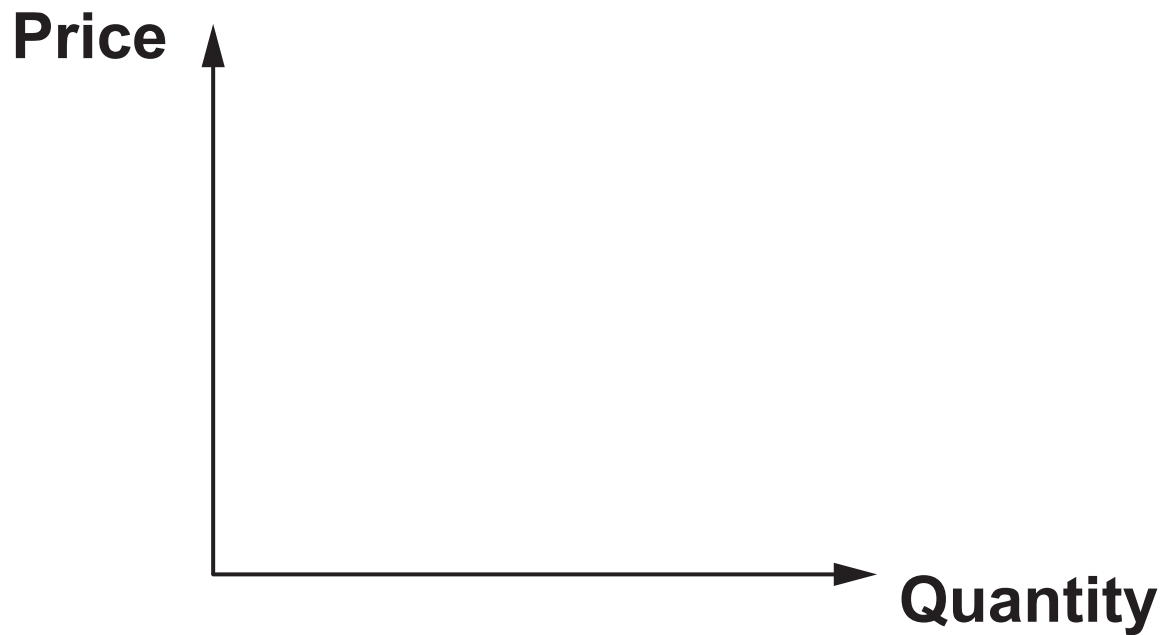
Answer ALL the questions in this section using the extracts in the Resource Booklet.

EXTRACT 1: Plumwith Holidays

21 (a) State what is meant by ‘the equilibrium price and quantity’.

[2]

(b) Draw a diagram showing equilibrium price and quantity. [2]



(c) Using a diagram, analyse the consequences of a movement along the demand curve for Plumwith Holidays. [6]

(d) (i) Explain how Plumwith Holidays acts as a producer of services.

[2]

(ii) Calculate the average cost to Plumwith Holidays of providing eight holidays. Show your working.

Answer: _____ [2]

(iii)* Evaluate the importance of cost and revenue data for the owners of Plumwith Holidays.

Use the information given in EXTRACT 1 in the separate booklet and your own knowledge. [6]

[illegible]

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EXTRACT 2: Muncaster United

22 (a) State what is meant by ‘opportunity cost’.

[2]

(b) Explain how the rate of interest payable to Muncaster United varies with the amount of savings.

[2]

(c) Analyse how an increase in the rate of interest could affect Arin and Fara's decision whether to invest in buying new players or to increase the club's savings for future use. [6]

(d) (i) Explain what is meant by ‘an oligopoly’.

[2]

(ii) Explain ONE reason why Muncaster United would compete in the market for players.

[2]

(iii)* Evaluate the economic impact of competition on Muncaster United.

Use the information given in EXTRACT 2 in the separate booklet and your own knowledge. [6]

[illegible]

EXTRACT 3: The Supply of Eggs

23 (a) State what is meant by ‘economies of scale’.

[2]

(b) Explain ONE benefit to a firm of choosing to be environmentally sustainable.

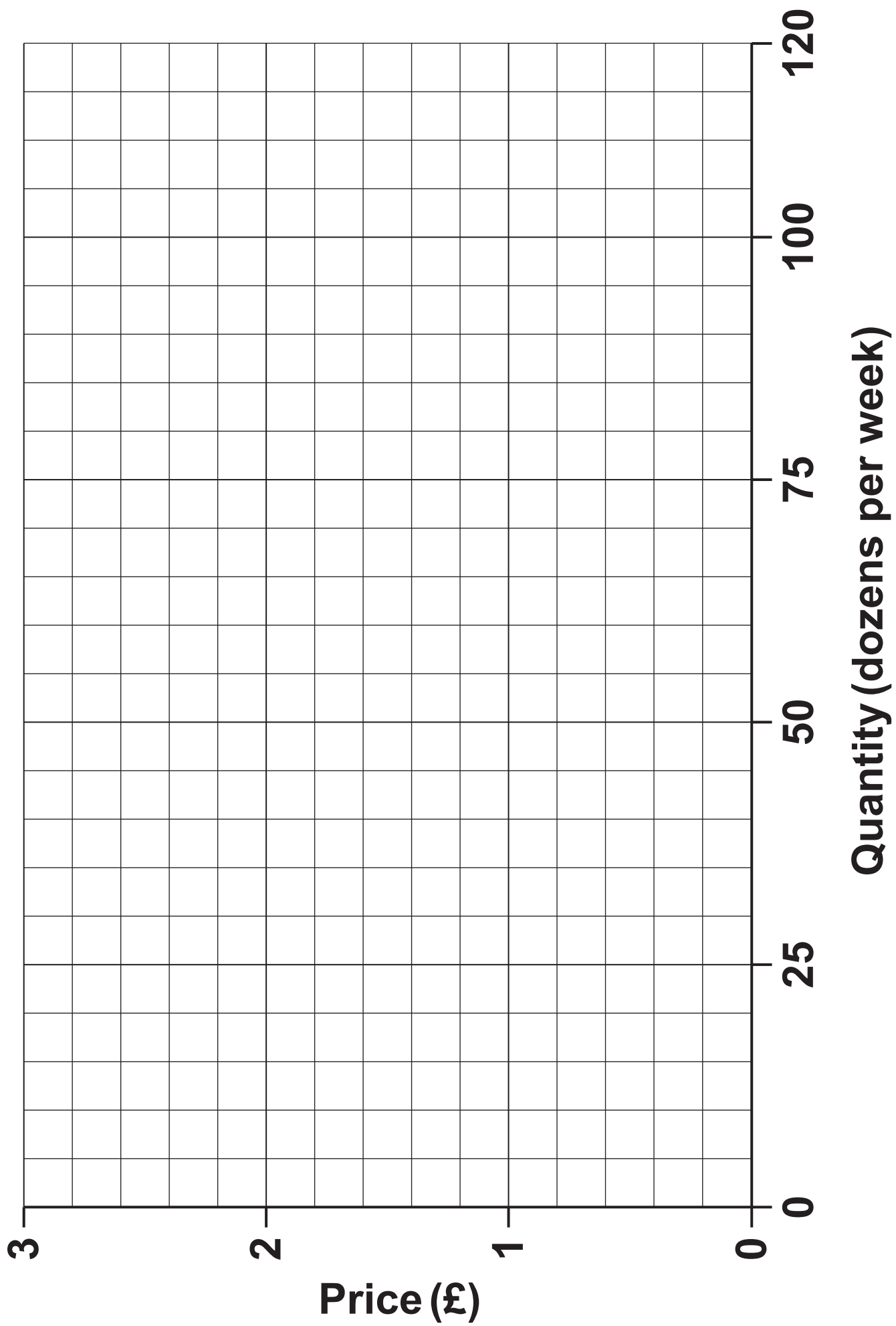
[2]

(c) Analyse the benefits of specialisation for Calwith Farmers.
[6]

(d) (i) Explain what is meant by ‘the supply of eggs is price elastic’.

[2]

(ii) Using the information in EXTRACT 3 in the separate booklet, draw a supply curve showing the supply of eggs to the farm shop on the grid opposite. [2]



(iii)* Evaluate the importance of price elasticity of supply for the consumers of Calwith Farmers' products.

Use the information given in EXTRACT 3 in the separate booklet and your own knowledge. [6]

[illegible]

END OF QUESTION PAPER

ADDITIONAL ANSWER SPACE

If additional space is required, you should use the following lined page(s). The question number(s) must be clearly shown in the margin(s).

[illegible]

[illegible]

[illegible]



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