Edexcel AS/A-level Year 1 Economics A exam practice answers

1 The nature of economics

1 (a) Correct answer B: Statement 1 is positive and Statement 2 is normative. [1]

 (b) Economists might disagree about an economic policy because:

* People have different values.
* Such views are subjective and dependent on an economist’s views concerning the benefits or problems associated with inequality.
* Economists are unable to conduct scientific experiments. [3]

2 (a) Correct answer D: increase output per worker. [1]

 (b) Disadvantages include:

* Work could be monotonous.
* Opportunities for promotion might be limited.
* If demand falls for the product/service then the worker may become unemployed and would require retraining to secure another job.
* Also, if machinery is invented to do the task, then unemployment may result. [3]

3 (a) Two possible problems include:

* Lack of incentive to take risks, e.g. no profit motive.
* State planning might result in a misallocation of resources resulting in shortages or surpluses.
* An extra mark would be awarded for giving a feature of a command economy, e.g. all resources are owned by the state. [3]

 (b) Correct answer C: to ration scarce goods. [1]

4 (a) Correct answer D: she is behaving rationally. [1]

 (b) Possible reasons include:

* Inertia.
* She might not be good at computation.
* Complexity involved in changing suppliers.
* Costs of changing energy suppliers. [3]