

A level Cambridge

# ECONOMICS

Paper 1  
2020 — 2024

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**1** - (9708/11\_Summer\_2020\_Q1) - *Basic Economic Ideas And Resource Allocation*

The transition of centrally planned economies to market economies was accompanied by a significant change in the composition of output.

What was an immediate consequence of this transition?

- A** a build-up of unsold stocks of goods
- B** an increase in exports of goods
- C** an increase in unemployment
- D** decreasing prices of goods and services

**2** - (9708/11\_Summer\_2020\_Q2) - *Basic Economic Ideas And Resource Allocation*

Which statement is correct?

- A** Normative economics concerns the description of economic models.
- B** Normative economics is objective and factual.
- C** Positive economics can be tested by data and evidence.
- D** Positive economics is subjective and offers a value judgement.

**3** - (9708/11\_Summer\_2020\_Q3) - *Basic Economic Ideas And Resource Allocation*

Consumers do not use enough of a product to maximise their private benefit because they have imperfect information about the product.

How would an economist classify this product?

- A** demerit good
- B** free good
- C** merit good
- D** public good

**4** - (9708/11\_Summer\_2020\_Q4) - *Basic Economic Ideas And Resource Allocation*

What is meant by the division of labour?

- A** Each worker specialises in a different task in production.
- B** Some workers work part-time and others work full-time.
- C** The same amount of output per hour is produced by each worker.
- D** Workers divide their time between different jobs.

5 - (9708/11\_Summer\_2020\_Q18) - Basic Economic Ideas And Resource Allocation

What is a necessary characteristic of a public good?

- A It has a fixed maximum price.
- B It has an opportunity cost of production of zero.
- C It is non-excludable.
- D It is an essential good.

6 - (9708/12\_Summer\_2020\_Q2) - Basic Economic Ideas And Resource Allocation

What would **not** be considered a barter transaction?

- A a car repairer undertaking the annual service on a plumber's van in return for the plumber fitting a new sink in the car repairer's kitchen
- B a consumer negotiating with a shopkeeper and buying a pair of trousers at US\$10 rather than the asking price of US\$30
- C a graduate student exchanging a set of textbooks for a radio with a student about to start the course
- D a train company allowing a phone company to advertise on its trains in return for the right to advertise on the phone company's website

7 - (9708/12\_Summer\_2020\_Q3) - Basic Economic Ideas And Resource Allocation

A factory introduces an automated production line to take advantage of division of labour.

What is most likely to increase?

- A average cost of production
- B job satisfaction of workers
- C range of skills of each worker
- D worker productivity

8 - (9708/12\_Summer\_2020\_Q4) - Basic Economic Ideas And Resource Allocation

Which statement is normative?

- A A minimum wage is the correct government policy to increase the incomes of the lowest paid workers.
- B A minimum wage is the lowest amount that employers can legally pay their workers.
- C In Pakistan, a minimum wage of 15000 Pakistani Rupees per month was set on 1 June 2016.
- D Setting the minimum wage rate above the equilibrium will result in an excess supply of workers.

# ANSWERS

1 - (9708/11\_Summer\_2020\_Q1) - *Basic Economic Ideas And Resource Allocation*

C

2 - (9708/11\_Summer\_2020\_Q2) - *Basic Economic Ideas And Resource Allocation*

C

3 - (9708/11\_Summer\_2020\_Q3) - *Basic Economic Ideas And Resource Allocation*

C

4 - (9708/11\_Summer\_2020\_Q4) - *Basic Economic Ideas And Resource Allocation*

A

5 - (9708/11\_Summer\_2020\_Q18) - *Basic Economic Ideas And Resource Allocation*

C

6 - (9708/12\_Summer\_2020\_Q2) - *Basic Economic Ideas And Resource Allocation*

B

7 - (9708/12\_Summer\_2020\_Q3) - *Basic Economic Ideas And Resource Allocation*

D

8 - (9708/12\_Summer\_2020\_Q4) - *Basic Economic Ideas And Resource Allocation*

A

9 - (9708/13\_Summer\_2020\_Q1) - *Basic Economic Ideas And Resource Allocation*

C

10 - (9708/13\_Summer\_2020\_Q2) - *Basic Economic Ideas And Resource Allocation*

C