

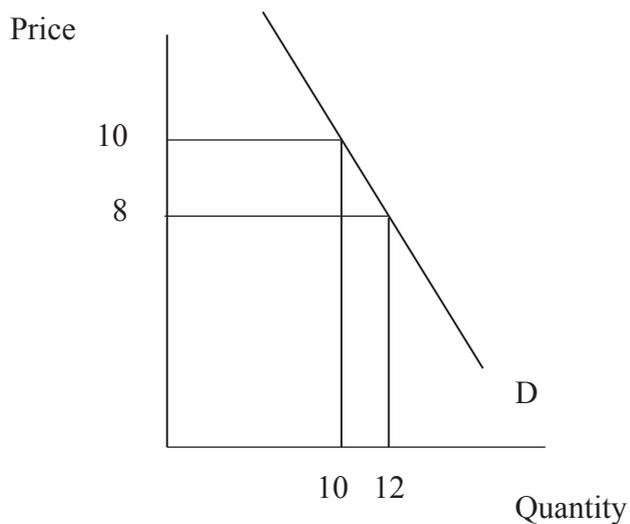


Answer ALL the questions.

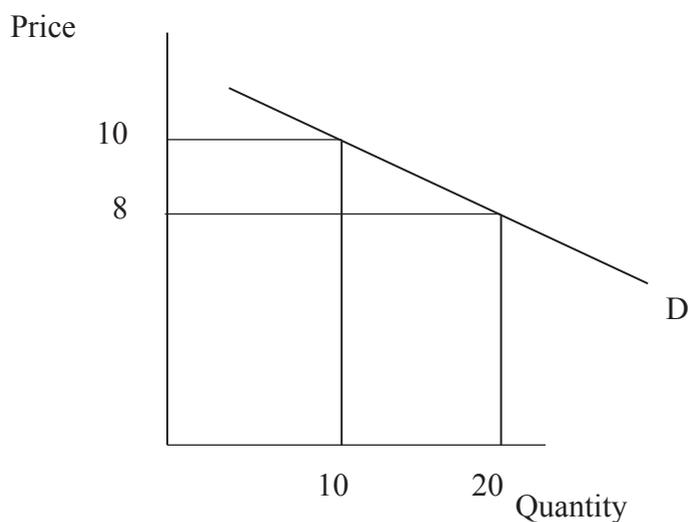
**Question 1**

Figures 1a and 1b show the demand curves for two products, Product A and Product B.

**Figure 1a**  
Product A



**Figure 1b**  
Product B



- (a) (i) On Figure 1a (Product A) draw a supply curve, S, at quantity 10, with a price elasticity = 0.

**(1)**



(ii) Give an example of a product which might have a short run supply curve with a price elasticity of supply = 0.

.....  
.....  
**(1)**

(iii) Briefly explain why the example you have given in (ii) has a price elasticity of supply = 0.

.....  
.....  
.....  
**(2)**

(iv) Product A and Product B have different price elasticities of demand. Define price elasticity of demand.

.....  
.....  
.....  
**(2)**

(v) Place a cross in the correct box to identify the product which has an **elastic** demand curve.

Product A  
 Product B  
**(1)**

(vi) Using the numerical data in Figures 1a and 1b, explain your answer to (v).

.....  
.....  
.....  
.....  
**(3)**





Leave blank

(iii) the private sector of an economy. ....  
.....  
.....  
.....  
.....

(2)

Q1

(Total 20 marks)

--	--



**Question 2**

The table below shows the daily costs of an Italian pizza restaurant.

Number of pizzas	Total Fixed Costs €	Total Variable Costs €
40	60	100

(a) Calculate the total cost of producing 40 pizzas.

.....  
 .....

**(1)**

(b) (i) Calculate the average total cost of producing 40 pizzas. Show your workings.

.....  
 .....  
 .....

**(2)**

(ii) The restaurant is closed every Monday. What are the total costs on this day?

.....  
 .....

**(1)**

(iii) Explain your answer to (b)(ii).

.....  
 .....  
 .....  
 .....  
 .....

**(3)**

(iv) Give an example of

1. a fixed cost of the pizza restaurant

.....  
 .....

**(1)**





Pizza Hut faces competition from many other restaurants. Complete the following table to identify **one** advantage and **one** disadvantage of competition to firms and consumers.

	Advantage of competition	Disadvantage of competition
Firms	(iii) ..... (1)	(iv) ..... (1)
Consumers	(v) ..... (1)	(vi) ..... (1)

Q2

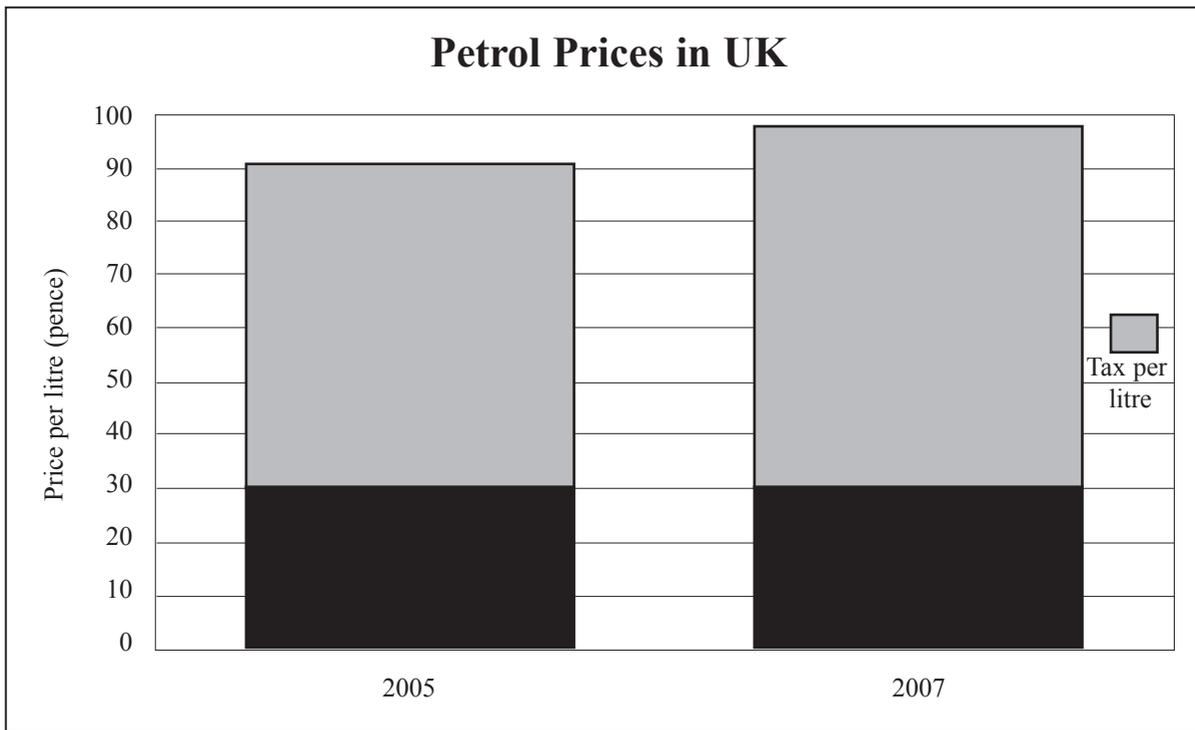
(Total 20 marks)



**Question 3**

Figure 3a shows the price (in pence) of a litre of petrol in the UK in 2005 and 2007 and the amount of tax on each litre of petrol.

**Figure 3a**



(a) (i) Using the data in Figure 3a, describe what happened to the tax on petrol from 2005 to 2007.

.....  
.....  
.....

**(2)**

(ii) Taxes on petrol are part of which type of government policy? Place a cross in the correct box.

- Fiscal
- Monetary
- Supply side

**(1)**



(iii) Briefly explain **two** reasons why a government might impose a tax on petrol.

- 1. ....  
.....  
.....  
.....  
.....
  - 2. ....  
.....  
.....  
.....  
.....
- (4)**

A tax on petrol might affect a government's economic objectives.

(iv) Identify **one** economic objective that may be affected by an increase in the tax on petrol.

- .....  
.....
- (1)**





Leave  
blank

(iii) Briefly explain **one** reason why education and training may not be successful in reducing the level of structural unemployment.

.....

.....

.....

(2)

Q3

(Total 20 marks)



**Question 4**

In 2004 Poland joined the European Union (EU).

(a) (i) Place a cross in the correct box to complete the following sentence.  
The European Union is a

- cartel
- trading bloc
- central bank

**(1)**

(ii) Briefly explain **one** reason why trade between Poland and the members of the European Union increased after 2004.

.....

.....

.....

**(2)**

(iii) Briefly explain **one** reason why trade between Poland and countries outside of the European Union decreased after 2004.

.....

.....

.....

**(2)**

Complete the following table for 2006

Value of visible exports from Poland to EU countries	\$70 billion
Value of visible imports to Poland from EU countries	(iv) ..... <b>(1)</b>
Balance of Trade with EU countries	\$6.5 billion



(v) With the aid of examples distinguish between visible and invisible trade.

.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
.....

(4)

(b) Identify and briefly explain **two** ways in which the World Trade Organization can promote increased trade between countries.

1. ....  
.....  
.....  
.....  
.....

(2)

2. ....  
.....  
.....  
.....

(2)





**BLANK PAGE**

