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EXAM PAPERS PRACTICE

IAL Economics - Unit 1: Markets in action

Topic: Introductory concepts

Date:

Time:

Total marks available:

Total marks achieved: _____

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Questions

Q1.

Questions must be answered with a cross in a box ☐. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☐.

A clothing manufacturer originally organised production so that each worker made a garment from start to finish. However, in 2020, the manufacturer introduced the division of labour to garment production.

Which **one** of the following is a likely advantage of introducing the division of labour?

- ☐ **A** An increase in boredom
- ☐ **B** An increase in the cost of making each garment
- ☐ **C** An increase in output per worker
- ☐ **D** An increase in the time required for training

(Total for question = 1 mark)

(QU02 WEC11/01, Jan 2022)

Q2.

Which **one** of the following is an advantage of a free market economy?

- ☐ **A** The profit motive gives firms the incentive to be more efficient
- ☐ **B** Public goods may be under-provided by the price mechanism
- ☐ **C** Goods may be over-provided compared with the social optimum level of output
- ☐ **D** Government intervention leads to the correction of market failure

(Total for question = 1 mark)

(Q02 WEC11/01, Jan 2020)

Q3.

Prior to 1920 each worker at Henry Ford's car company would manufacture an entire car from start to finish. In the 1920s the company started to use an assembly line where each worker only completed a particular task.

Explain **one** advantage to a car manufacturer of using the division of labour to organise production.

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(Total for question = 4 marks)

(Q09 WEC11/01, Oct 2022)

Q4.

In 2020 the Fraser Institute identified Hong Kong as being the closest to a free market economy in the world. This was based on Hong Kong's low tax rates, low government spending and the low level of business regulation.

Evaluate the advantages of a free market economy.

(Total for question = 20 marks)

(Q13 WEC11/01, Oct 2022)

Q5.

The Government of the United Arab Emirates provides its citizens with free primary and secondary education and free healthcare. In 2020 the Government announced that it would spend \$136 million on flood defences and that it will build the world's tallest lighthouse in Dubai.

Evaluate the advantages of state provision of goods and services.

(Total for question = 20 marks)

(Q14 WEC11/01, Oct 2022)

Q6.

Adam Smith identified that if workers completed every stage of production individually they would each produce 10 to 20 pins per day. The application of the division of labour in a pin factory enabled ten workers to produce 48 000 pins per day.

Evaluate the advantages of the division of labour in organising production.

(Total for question = 20 marks)

Q7.

In 2007 Ireland's Government spending as a percentage of GDP was 35.9% and by 2019 it had fallen to 25.1%.

Evaluate the possible benefits of an economy moving closer to being a 'free market economy'.

(Total for question = 20 marks)

(QU13 WEC11/01, Jan 2022)

Q8.

Rimac manufacture electric cars. With the first model, the Concept_One, an individual worker was responsible for building each car from start to finish. Only seven were manufactured. In 2017 €30 million was spent on developing a factory which would use the division of labour to manufacture 200 Concept_Two cars.

With reference to the market for car manufacturing, explain **one** benefit of the 'division of labour'.

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(Total for question = 4 marks)

(QU08 WEC11/01, Jan 2019)

Q9.

Study Figure 1 and Extracts A and B in the Source Booklet before answering this question.

Define the term 'renewable resource' (Extract B, line 19).

(Total for question = 2 marks)

(Q12a WEC11/01, Jan 2021)

Q10.

In 1960 Lake Chad in Central Africa was large enough to provide the local farmers with water to irrigate their crops. However, by 2017 there had been a 90% reduction in the size of the lake. The farmers could no longer use water from the lake for irrigation.

With reference to Lake Chad, explain the difference between a free good and an economic good.

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(Total for question = 4 marks)

(Q08 WEC11/01, Oct 2022)