

Introductory concepts

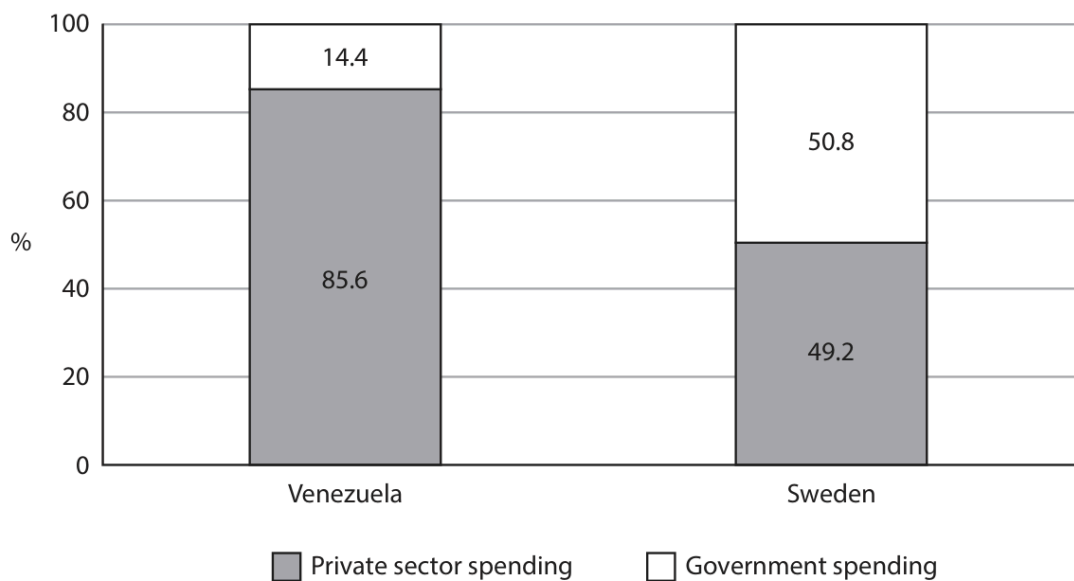
22 questions · 122 marks

Answer all questions. The marks available are shown against each part. Every question is taken unaltered from a past paper; the source is noted beneath it. In Section A, choose the best answer and write its letter in the box.

Section A · Multiple choice

10 questions · 10 marks

1. The chart shows the share of government spending and private sector spending in Venezuela and Sweden in 2023. 1 mark



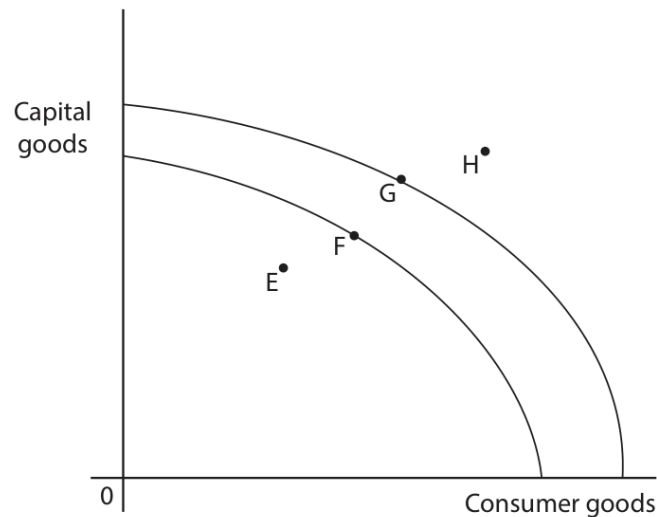
Which **one** of the following can be deduced from the chart?

- ☒ A Venezuela is a free market economy
- ☒ B Sweden is a command economy
- ☒ C Sweden is a free market economy and Venezuela is a command economy
- ☒ D Sweden and Venezuela are both mixed economies

Answer

2. The diagram shows two production possibility frontiers (PPFs) for an economy.

1 mark



Which **one** of the following can be deduced from this diagram?

- A** A movement from Point E to Point F indicates an increase in unemployment
- B** A movement from Point G to Point F indicates that more consumer goods would be produced
- C** A movement from Point F to Point G indicates economic growth
- D** A movement from Point G to Point H indicates that resources are not being used efficiently

Answer

— Pearson Edexcel Economics · October 2025 Unit 1 (paper A), Question 5

3. In 2022 it was estimated that \$5.8 trillion worth of money was circulating in the USA.

1 mark

Which **one** of the following is a function of money?

- ☒ **A** To create a moral hazard
- ☒ **B** To extend property rights
- ☒ **C** To regulate financial markets
- ☒ **D** To act as a medium of exchange

Answer

— Pearson Edexcel WEC11/01 Economics · January 2025 Unit 1, Question 3

4. 3 Which **one** of the following is a function of money?

1 mark

- ☒ **A** To reduce the risk of market bubbles arising
- ☒ **B** To ensure consumers feel valued
- ☒ **C** To enable consumers to minimise utility
- ☒ **D** To act as a method of deferred payment

Answer

— Pearson Edexcel WEC11/01 Economics · October 2019 Unit 1, Question 3

5. The table shows the maximum production possibilities for a country in 2021 and 2022.

1 mark

Year	Consumer goods		Capital goods
2021	220	OR	105
2022	195	OR	96

Which **one** of the following might have caused this change in the country's production possibilities?

- ☐ A A natural disaster
- ☐ B A rise in the rate of unemployment
- ☐ C An improvement in technology
- ☐ D An increase in the number of immigrants

Answer

— Pearson Edexcel WEC11/01 Economics · January 2023 Unit 1, Question 2

6. Which **one** of the following is the best definition of a normative economic statement?

1 mark

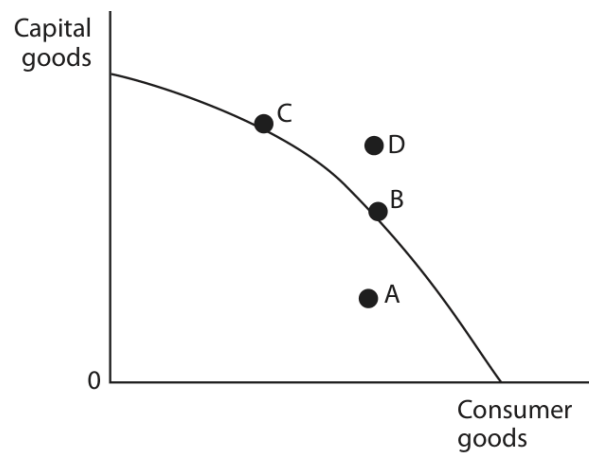
- ☐ A A statement that is value-free
- ☐ B A statement beginning with the term '*ceteris paribus*'
- ☐ C A statement that contains a value judgement
- ☐ D A statement that can be proved to be true or false

Answer

— Pearson Edexcel WEC11/01 Economics · January 2026 Unit 1, Question 2

7. The diagram shows a production possibility frontier for an economy.

1 mark



Which point on the diagram shows the position that will lead to the fastest rate of economic growth?

- ☐ A
- ☐ B
- ☐ C
- ☐ D

Answer

— Pearson Edexcel WEC11/01 Economics · June 2021 Unit 1, Question 5

8. Most car manufacturers apply the division of labour to the production process.

1 mark

Ceteris paribus, which **one** of the following is a disadvantage to a car manufacturer of applying the division of labour?

- ☐ A An increase in output per worker per hour
- ☐ B An increase in monotonous or repetitive work
- ☐ C A decrease in the cost of manufacturing each unit
- ☐ D A decrease in the number of workers leaving the business

Answer

— Pearson Edexcel WEC11/01 Economics · October 2025 Unit 1, Question 2

9. 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. 1 mark

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

Answer

— Pearson Edexcel WEC11/01 Economics · January 2022 Unit 1, Question 2

10. Which **one** of the following is most likely to have a forward market? 1 mark

- ☐ A Gold
- ☐ B Housing
- ☐ C Higher education
- ☐ D Street lighting

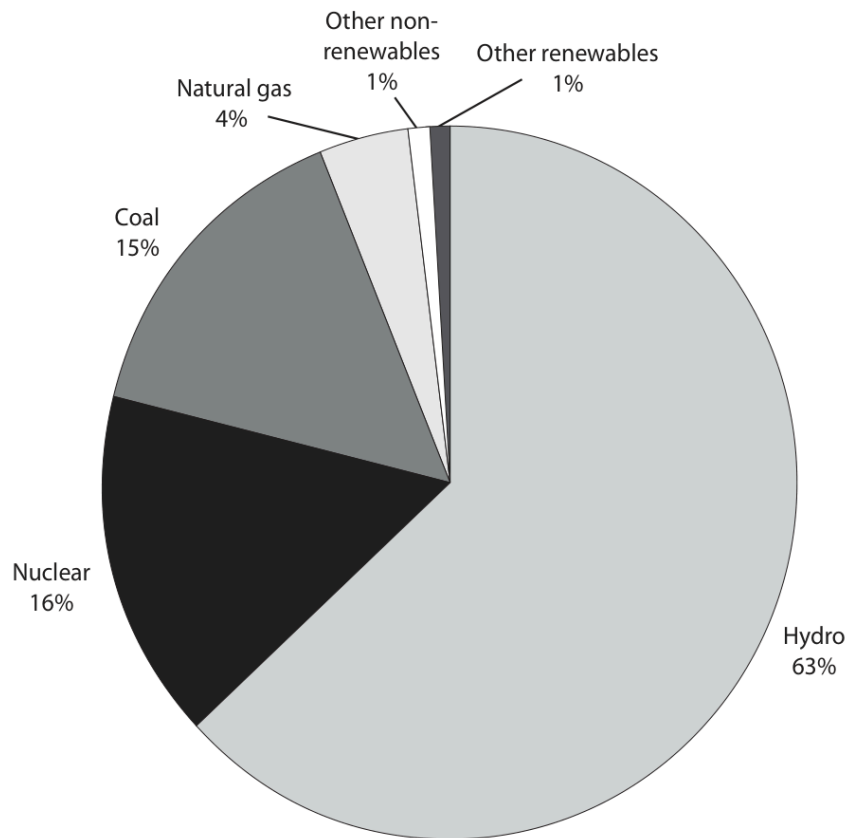
Answer

— Pearson Edexcel WEC11/01 Economics · June 2022 Unit 1, Question 2

Section B • Short answer

8 questions • 32 marks

11. The chart shows how Canada's total electricity supply was generated from different resources in 2015. 4 marks



(Source: <http://www.theenergycollective.com/jarretadams1/2292773/canada-working-toward-decarbonizing-its-grid>)

With reference to Canada's electricity generation, explain the difference between 'renewable resources' and 'non-renewable resources'.

— Pearson Edexcel WEC11/01 Economics · June 2019 Unit 1, Question 8

12. In 2000 the population of Qatar was 592 267. By 2018 the population had increased to 2 694 849. Most of this growth was caused by immigration. 4 marks

Draw a diagram to illustrate the impact of this change in Qatar's population on its production possibility frontier.

— Pearson Edexcel WEC11/01 Economics · January 2020 Unit 1, Question 7

13. The table shows the change in the sales of capital goods and consumer goods compared to the previous month in the USA. 4 marks

	Capital goods	Consumer goods
April 2020	–6.5%	–14.7%
May 2020	+2.3%	+17.7%

With reference to the table, explain the difference between 'capital goods' and 'consumer goods'.

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15. Between 2000 and 2025 Bulgaria's population decreased from 8.0 million to 6.7 million.

4 marks

Ceteris paribus, explain the likely impact of this change in population on Bulgaria's production possibility frontier (PPF).

Illustrate your answer with a diagram.

[illegible]

— Pearson Edexcel WEC11/01 Economics · January 2026 Unit 1, Question 11

16. Adam Smith wrote that by applying the division of labour in a pin factory, ten workers were able to increase production from 200 pins per day to 48 000 pins per day.

4 marks

Explain **one** advantage to firms of using division of labour to organise production.

[illegible]

— Pearson Edexcel WEC11/01 Economics · June 2021 Unit 1, Question 9

17. In Thailand 10% of household income was saved during 2022.

4 marks

In October 2022 banks in Thailand made loans to the private sector amounting to THB 4809 billion.

With reference to Thailand, explain **one** role of financial markets.

— Pearson Edexcel WEC11/01 Economics · January 2023 Unit 1, Question 9

18. 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.

4 marks

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

— Pearson Edexcel WEC11/01 Economics · October 2022 Unit 1, Question 8

Section C · Essays

4 questions · 80 marks

Answer on lined paper. Draw every diagram asked for, fully labelled.

19. 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. 20 marks

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

— Pearson Edexcel WEC11/01 Economics · January 2020 Unit 1, Question 13

20. In 2019, in Sweden, on average: 20 marks
- households saved 16.5% of their incomes
 - households borrowed 189% of their incomes
 - a consumer made 349 debit card payments.

With reference to the information above and your own knowledge, evaluate the role of financial markets in an economy.

— Pearson Edexcel WEC11/01 Economics · October 2021 Unit 1, Question 14

21. In 2023 government spending as a percentage of GDP was 10% in Singapore, 11.3% in Switzerland and 12.2% in Ireland. 20 marks
- Evaluate the possible benefits of an economy operating closer to being a 'free market economy'.

— Pearson Edexcel Economics · January 2026 Unit 1 (paper A), Question 13

22. 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. 20 marks

Evaluate the advantages of a free market economy.

— Pearson Edexcel WEC11/01 Economics · October 2022 Unit 1, Question 13
