

Please check the examination details below before entering your candidate information

Candidate surname

Other names

Pearson Edexcel
International
Advanced Level

Centre Number

Candidate Number

Time 2 hours

Paper
reference

WEC13/01

Economics
International Advanced Level
Unit 3: Business behaviour

You must have:

Source Booklet (enclosed)

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **ALL** questions in Sections A and B.
- Answer **TWO** questions in Section C.
- Answer the questions in the spaces provided
– *there may be more space than you need.*

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*
- Calculators may be used.

Advice

- Read each question carefully before you start to answer it.
- Check your answers if you have time at the end.
- Good luck with your examination.

Turn over ►

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SECTION A

Answer ALL questions in this section.

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 ☒.

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- 1 Mara Phone is a new smartphone developed by the African conglomerate, Mara Group. The business is aiming to grow its market share by maximising its sales.

Which **one** of the following conditions is necessary for Mara Group to maximise sales volume of this new phone without making a loss?

- A Marginal revenue equals marginal cost
- B Average revenue equals average cost
- C Marginal revenue equals zero
- D Average revenue equals marginal revenue

(Total for Question 1 = 1 mark)

- 2 A Swedish company, Lantmännen, is an agricultural business owned by 25 000 farming partners.

Which **one** of the following is the best description of this type of business?

- A State-owned enterprise
- B Joint venture
- C Conglomerate
- D Co-operative

(Total for Question 2 = 1 mark)

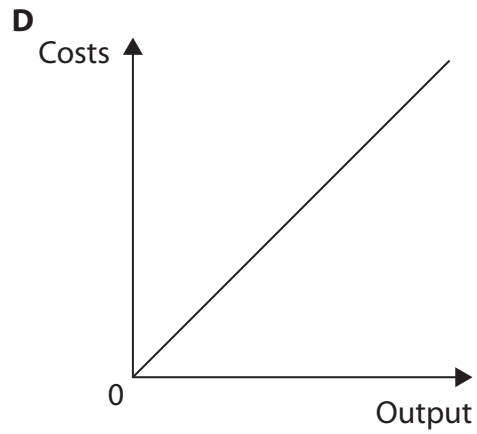
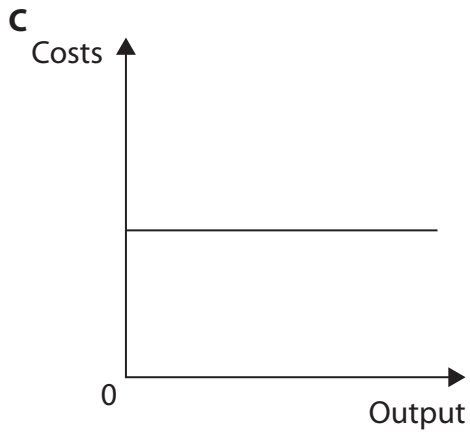
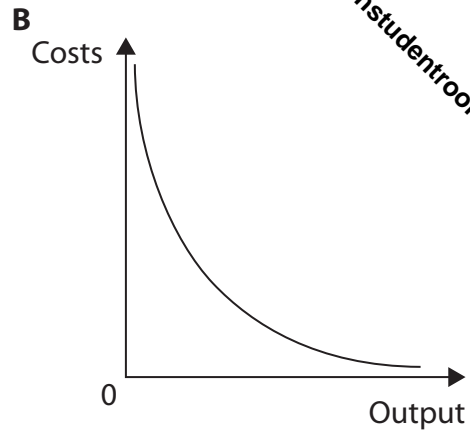
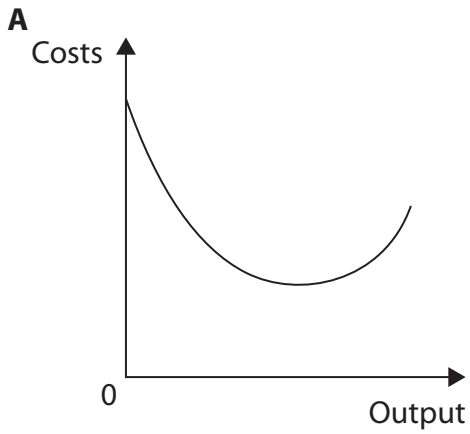
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3 Which **one** of the following diagrams illustrates a firm's average fixed cost curve?



- A
- B
- C
- D

(Total for Question 3 = 1 mark)

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4 Which **one** of the following will influence the elasticity of demand for labour?

- A The size of the population
- B The level of welfare benefits
- C Labour costs as a percentage of total costs
- D The rules determining the number of immigrants

(Total for Question 4 = 1 mark)

5 The table shows a firm's total costs of producing textbooks.

| Output | Total costs (\$) |
|--------|------------------|
| 0 | 14 000 |
| 1 000 | 15 000 |
| 2 000 | 16 000 |
| 3 000 | 17 000 |
| 4 000 | 18 000 |
| 5 000 | 19 000 |

What would be the average variable cost at an output of 4 000 textbooks?

- A \$0.75
- B \$1.00
- C \$3.25
- D \$4.50

(Total for Question 5 = 1 mark)



6 A farm producing wheat is operating in a monopolistically competitive market. Which **one** of the following will apply to this firm?

- A Allocative inefficiency in the long-run
- B Productive efficiency in the short-run
- C Supernormal profit in the long-run
- D Allocative efficiency in the short-run

(Total for Question 6 = 1 mark)

TOTAL FOR SECTION A = 6 MARKS

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SECTION B

Study Figures 1 and 2 and Extracts A and B in the Source Booklet before answering Question 7.
Write your answers in the space provided on the following pages.

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- 7 In 2018 total new car sales in China were 23.7 million.
- (a) With reference to Figure 2, calculate the 4-firm concentration ratio for the car market in China in 2018. You are advised to show your working. (2)
- (b) With reference to the third paragraph of Extract B, explain what is meant by a 'takeover'. (4)
- (c) With reference to Figure 1 and Extract A, analyse **two** reasons for the fall in car sales in China since 2017. (6)
- (d) With reference to Extract A, examine the likely effects of the Chinese Government's subsidy on the profits of an electric car manufacturer. Illustrate your answer with an appropriate diagram. (8)
- (e) With reference to Extract A and Extract B and your own knowledge, discuss the types of non-price competition that could be used by car manufacturers to increase the sales of cars. (14)

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(c) With reference to Figure 1 and Extract A, analyse **two** reasons for the fall in car sales in China since 2017.

(6)

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(d) With reference to Extract A, examine the likely effects of the Chinese Government's subsidy on the profits of an electric car manufacturer.

Illustrate your answer with an appropriate diagram.

<https://britishstudentroom.wordpress.com/> (8)

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(e) With reference to Extract A and Extract B and your own knowledge, discuss the types of non-price competition that could be used by car manufacturers to increase the sales of cars.

(14)

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(Total for Question 7 = 34 marks)

TOTAL FOR SECTION B = 34 MARKS



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SECTION C BEGINS ON THE NEXT PAGE.



SECTION C

Answer TWO questions from this section.

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- 8** In 2019 the Indian Government announced plans to privatise up to 25 airports across India. These airports are not the largest in India, but they each have annual passenger numbers between 1 million and 1.5 million.

Evaluate the possible benefits of privatisation for the consumer.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 8 = 20 marks)

- 9** In the UK, for any given rail journey, there are usually more than five different ticket prices depending on the time and day of travel.

Evaluate the view that price discrimination is always beneficial for producers.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 9 = 20 marks)

- 10** In New Zealand, in 2018, it was estimated that the average worker employed in the private sector earned 30% less than the average worker in the public sector.

Evaluate the reasons why wage differences exist.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 10 = 20 marks)

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TOTAL FOR SECTION C = 40 MARKS
TOTAL FOR PAPER = 80 MARKS



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