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90983



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Level 1 Economics 2020

90983 Demonstrate understanding of consumer choices, using scarcity and/or demand

2.00 p.m. Monday 23 November 2020
Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of consumer choices, using scarcity and/or demand.	Demonstrate in-depth understanding of consumer choices, using scarcity and/or demand.	Demonstrate comprehensive understanding of consumer choices, using scarcity and/or demand.

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

You should attempt ALL the questions in this booklet.

If you need more room for any answer, use the extra space provided at the back of this booklet.

Check that this booklet has pages 2–8 in the correct order and that none of these pages is blank.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

TOTAL

ASSESSOR'S USE ONLY

(d) In economics, means (time, skills, money) are limited. Fully explain why each of these is limited for Leo.

(i) Leo's time is limited because:

(ii) Leo's skills are limited because:

(iii) Leo's money is limited because:

(e) Link the concepts of choice and opportunity cost, using an example from Leo's means in part (d).

QUESTION TWO: Consumer demand

Many products are recyclable, reusable or made from recycled materials. Leo is encouraging his friends and family to choose these environmentally friendly products.

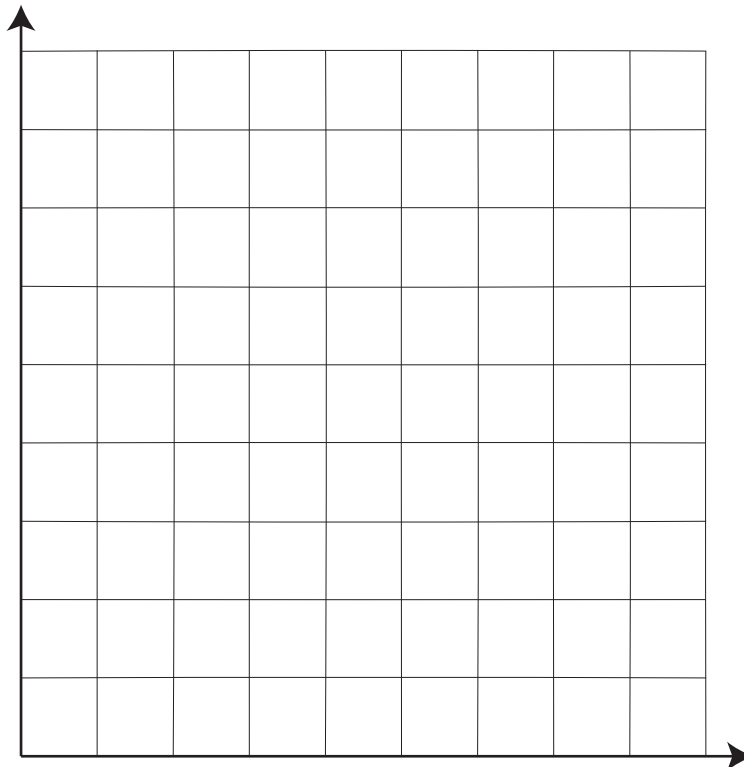
- (a) Complete the table below by identifying TWO products, and for each, a more environmentally friendly substitute. An example has been done for you.

Product	Environmentally friendly substitute
Disposable coffee cup	Reusable coffee cup

When reusable shopping bags are \$1 each, Leo will buy 15 a year. When they are 50c, he will purchase 20. If reusable shopping bags are \$4 each, Leo will only buy five. He will buy 10 when they are \$3 per bag.

- (b) Using the information above, draw a fully labelled demand curve for the number of reusable shopping bags Leo will purchase per year on the grid below.

Title: _____



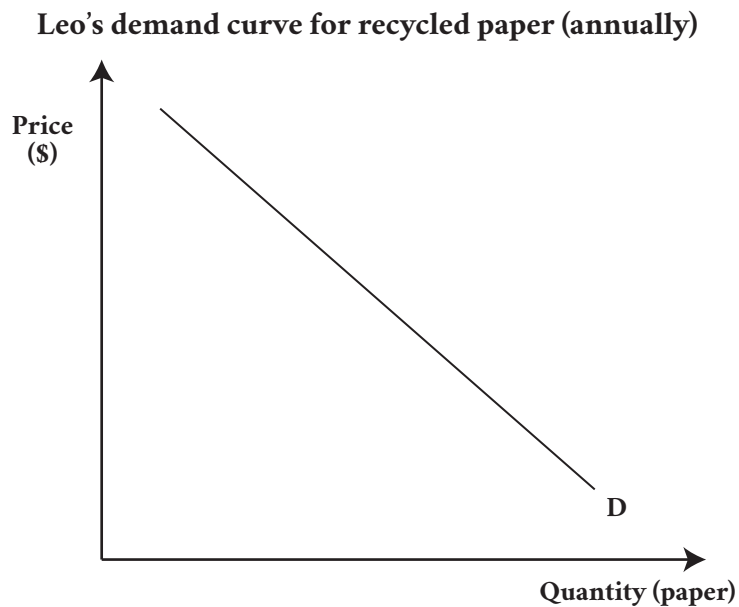
QUESTION THREE: Change in demand

Making a new product from recycled materials can be more costly because extra processing is often needed. The extra cost is usually then passed on to the consumer. This makes recycled products more expensive to buy.

- (a) What is the economic term given to a product that is superior to a normal product?

- (b) Explain how demand for this type of good is affected by income.

- (c) Recycled paper is an example of a superior product. On the graph below, show how an increase in income would affect Leo's demand for recycled paper.



Beeswax wraps are better for the environment than plastic wrap. They are made from cotton fabric with a beeswax coating that keeps food fresh and reduces plastic waste. Leo learns about beeswax wraps from his friends.

Source: <https://superbee.me/taking-care-of-your-reusable-wax-wrap/>

