# Past-paper walk-through

Factors of production ▪ 1.3

eXercise

# Questions in this set

- 9708/13 N25 Q2 ▪ 1 mark
- 9708/14 N25 Q2 ▪ 1 mark
- 9708/12 J25 Q4 ▪ 1 mark
- 9708/1 23 Q6 ▪ 1 mark

# Question 2

9708/13 N25 ▪ Q2 ▪ 1 mark

**2** What is meant by the division of labour?

**A** A process is split into a series of individual tasks.

**B** Some workers work part-time and others work full-time.

**C** The same amount of output per hour is produced by each worker.

**D** Wages are divided equally between workers.

# Solution 2

Answer: **A**

## Why

- Division of labour means splitting a process into separate specialised tasks.
- Each worker then repeats one task and becomes more skilled and faster at it.
- It is about how the work is *divided*, not about how many hours anyone works.

# Question 2

9708/14 N25 ▪ Q2 ▪ 1 mark

**2** Which combination correctly identifies the rewards to each factor of production?

| | capital | enterprise | labour | land |
|---|---|---|---|---|
| **A** | interest | profit | rent | wages |
| **B** | interest | profit | wages | rent |
| **C** | profit | interest | wages | rent |
| **D** | rent | wages | interest | profit |

# Solution 2

Answer: **B**

**Why**

- Each factor has its own reward: land earns rent, labour earns wages.
- Capital earns interest, and enterprise earns profit.
- The pairs to be careful with are rent/land and interest/capital – they are easy to swap.

# Question 4

9708/12 J25 ▪ Q4 ▪ 1 mark

**4** A country increases its spending on education and training. It pays for this by reducing unemployment benefit payments and increasing taxes on imports of machinery.

What is the likely effect of these changes?

| | human capital | physical capital |
|---|---|---|
| **A** | decreases | decreases |
| **B** | decreases | increases |
| **C** | increases | decreases |
| **D** | increases | increases |

# Solution 4

Answer: **C**

**Why**

- Education and training raise the skills of the workforce, which raises productive capacity.
- That makes it a supply-side measure with a long-run effect.
- Cutting benefits also strengthens work incentives, but taxing imported machinery works against capacity.

# Question 6

9708/1 23 ▪ Q6 ▪ 1 mark

**6** What is **not** an example of the role of the factor enterprise in a modern economy?

**A** deciding on new export markets for the firm's goods and services

**B** making payments to suppliers for raw materials and capital goods

**C** reducing costs through the introduction of a new shift system for employees

**D** transforming the production process with the introduction of technological improvements

# Solution 6

Answer: **B**