

Revision Sheet

IGCSE Economics · Unit 3 Microeconomic decision-makers

15 vocabulary items · 33 marks of exam questions (14 questions)

Part 1 · Vocabulary review answer key. Sections A and B want the exact English spelling.

Question	Answer	Marks
1	commercial banks	1
2	household	1
3	saving	1
4	wage	1
5	division of labour	1
6	merger	1
7	productivity	1
8	economies of scale	1
9	cost	1
10	total cost	1
11	average cost	1
12	revenue	1
13	growth	1
14	competition	1
15	money	1

Multiple Choice Answers

Q16: D

Q17: B

Q18: C

Multiple Choice Answers

Q19: B

Q20: B

Q21: B

Q22: C

Q23: D

Multiple Choice Answers

Q24: A

Q25: D

Q26: D

Multiple Choice Answers

Q27: C

Q28: A

29(a)**Identify two examples of labour employed in the tourism industry.**

Two from e.g.

- tour guides
- hotel manager / hotel worker
- travel agent
- flight attendant
- coach / bus driver

29(b)

Explain two reasons why countries with a good transport system often have a high GDP.

Logical explanation which might include:

Lower firms' costs of production (1) cheaper to move goods/imports/exports / move goods/raw materials//imports/exports more efficiently / increase international competitiveness and so increase exports / higher income / increase size of markets / higher total demand (1).

Reduce wastage (1) food etc more likely to arrive fresh and so increase earnings for sale of e.g food / higher profits (1).

Increase labour mobility / easier to get to work (1) reduce unemployment / increase productivity (1).

Less congestion (1) less stress / less time lost (1).

Increase (earnings from) tourism (1) cheaper / easier to move around the country (1).

Attract MNCs/FDI / increase investment (1) increase employment (1) increase productive capacity (1).

Fewer accidents (1) avoid loss of workers / avoid loss of working hours (1).

Less pollution (1) healthier labour force (1).

29(c)

Analyse the benefits consumers may gain from a competitive market.

Coherent analysis which might include:

A competitive market has a large number of firms producing the product / no barriers to entry (1) substitutes available (1).

Low prices (1) as firms try to gain a larger share of the market / attract consumers / increase purchasing power (1).

High quality (1) as competition can increase efficiency (1) increase innovation (1).

Choice (1) different versions of the product may be produced / greater range of products / greater variety (1).

Responsive to changes in consumer demand (1) consumer sovereignty (1).

29(d)

Discuss whether or not an increase in trade union membership will benefit an economy.

In assessing each answer, use the table opposite.

Why it might:

- rise in wages and improved working conditions may increase productivity
- higher wages may increase total demand which may increase real GDP
- improved working conditions would increase living standards
- by providing a channel of communication, it may reduce conflicts between workers and employers
- by helping with training may raise output.

Why it might not:

- higher wages may increase inflation
- may take industrial action e.g. strikes which could lower output / GDP
- may resist job losses / introduction of new technology which may prevent increases in efficiency.

29(d)	
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