ST EDWARD'S
OXFORD

Lower Sixth Entrance Assessment

November 2013

ECONOMICS

Time: 1 hour

Candidates Name: ……

INSTRUCTIONS TO CANDIDATES:

- Write your answer to each question in the space provided.
- Use black ink. Pencil may be used for graphs and diagrams only.
- Answer all the questions

INFORMATION FOR CANDIDATES:

- The number of marks is given in brackets **[ ]** at the end of each question or part question.
- The total number of marks for this paper is **40**

Answer **all** questions

(a) With the help of an example, explain what is meant by the term Opportunity Cost

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(b) How is the price of a good or service determined?

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(c) Discuss why the government places an indirect tax on goods such as petrol and alcohol

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(d) Over the past few years the Bank of England interest rate has been 0.5%. Discuss the reasons for this rate and whether you think it should be changed

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(e) From your knowledge of economics, evaluate the extent to which the benefits of international trade outweigh the costs for the UK Economy

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Additional answer space. Any answers written in this space must be clearly numbered.

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