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Question 4 (Answer: **A**)

- Opportunity cost is the value of the next best alternative given up.
- Choosing the degree means giving up the apprenticeship.
- So the cost is what the apprenticeship would have provided – the earnings and training forgone, not the fees paid.

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Question 7 (Answer: **C**)

- A movement *along* the demand curve is caused by a change in the good's own price.
- A shift of the curve is caused by anything else – income, tastes, other prices.
- So the answer must be the good's own price changing, not one of the other determinants.

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Question 9 (Answer: **D**)

- Consumer surplus is the area under the demand curve above the price paid.
- So anything that *lowers* the price raises consumer surplus.
- A subsidy shifts supply right and lowers the price, so it always increases consumer surplus.

Question 15 (Answer: **A**)

- Guaranteeing a minimum income means guaranteeing a minimum price.
- At a price above equilibrium, supply exceeds demand, so there is a surplus.
- The government must then buy up that surplus to hold the price there.

Question 30 (Answer: **C**)

- Read which curve has shifted and in which direction.
- An increase in the supply of Euros, or a fall in demand for them, lowers the exchange rate.
- A lower euro makes eurozone exports cheaper and imports dearer.

A-Level Economics: **Specimen 1**

Question 5 (Answer: **C**)

- A supply curve shifting to the *left* means less is supplied at every price.
- That happens when production becomes more expensive or capacity is lost.
- A fall in costs, or a subsidy, would shift supply to the right instead.