Multiple Choice Answers

Q11: D

1	• A small number of relevant knowledge points are included and the response is limited by significant errors or omissions. • The response has little relevance to the question. • Analysis where provided is largely descriptive. Use of analytical tools such as diagrams and formulae, where necessary, may contain significant errors or be omitted completely. • Responses show limited organisation of economic ideas.
0	No creditable response.

A-Level Economics: **w25 21**

1	• Provides a vague or general conclusion or judgement in relation to the question. • Makes simple evaluative comment(s) with no development and little supporting evidence.
0	No creditable response.

1(a)	**Using the information provided, explain whether Mexico is a mixed economy.** • Explanation of a mixed economy in terms of allocation of resources/ownership through both a private sector and a public sector **(1)**. • Evidence from the article that Mexico has **BOTH** a private sector ('private sector rivals', 'harder for private firms to obtain permits …', 'domestic firms in private sector') **AND** a public sector ('changed the balance of the mixed economy by prioritising state-owned companies', 'it also gave state-owned electricity and oil companies priority …', 'operating costs of the state-owned electricity producers …'). **(1)**
1(b)	**Explain what is meant by 'The opportunity cost of Mexico's new energy policy is huge.'** • Opportunity cost is the value of the (next) best alternative forgone when a decision is taken. **(1)** • Multinational companies that might have located in Mexico may decide to go elsewhere where the energy policy is less restrictive for private companies **(1) OR** • A failure to introduce renewable methods as economists reckoned that Mexico could have produced almost half its electricity from renewable sources long before its target of 2050. **(1)**

1(c)	**Consider the extent to which direct provision of electricity in Mexico through state-owned companies may be advantageous to consumers.** **Potential advantages**: • State-owned companies seen as more likely to be drivers of growth, possibly leading to higher living standards. • The government may have more financial resources to support the state-owned companies than the private sector, which could lead to lower prices and a more efficient supply to consumers. • State-owned companies might be more likely to operate in the national interest than private companies, potentially benefitting. **(Up to 2 marks)** **Potential disadvantages**: • Operating costs of the state-owned electricity producers are significantly higher than in private companies, which could lead to higher prices for consumers. • State-owned companies have old and inefficient plants that are expensive to maintain, which could lead to a less efficient supply to consumers. • There will be less investment in renewable energy because the government has little interest in this. **(Up to 2 marks)** **Max 3 marks** **Note:** The focus of the question is **consumers**. **Evaluation** Offers a valid judgement on the extent to which direct provision of electricity in Mexico through state-owned companies may be more advantageous to consumers **Max 1 mark**

1(d)	**With the help of a diagram, assess whether the potential advantages of providing a subsidy to keep down the price of electricity in Mexico will outweigh the potential disadvantages.** **Up to 4 marks for explanation/analysis:** An accurate diagram of a subsidy: • Axes correctly labelled and demand and supply curves correctly drawn and labelled. • Supply curve shifts to the right leading to a new equilibrium position. **(1)** Explanation of the potential **advantages** of a subsidy, including a lower price and a higher quantity. **(Up to 2 marks)** Explanation of the potential **disadvantages** of a subsidy, including the fact that it will need to be financed by the government, it could lead to inefficiencies and there would be an opportunity cost. **(Up to 2 marks)** **Up to 2 marks for evaluation:** Relevant evaluation of whether the potential advantages of providing a subsidy to keep down the price of electricity in Mexico will outweigh the potential disadvantages **(1)** to reach a conclusion. **(1)**
1(e)	**Assess the potential benefits and limitations of Mexico keeping its oil to generate the country's electricity.** **Up to 4 marks for explanation/analysis:** • Explanation/analysis of the potential **benefits** of Mexico keeping more of its oil to generate the country's electricity, such as in relation to a shift towards greater energy self-sufficiency. **(Up to 3 marks)** • Explanation/analysis of the potential **limitations** of Mexico keeping more of its oil to generate the country's electricity, such as whether Mexico has the capacity to produce enough electricity for its population of about 130 million or the possible impact of such a policy on its balance of trade (2022 data shown in Fig. 1.1) given that its crude oil will now be kept in the country rather than exported. **(Up to 3 marks)** **Up to 2 marks for evaluation:** • Relevant evaluation which weighs up the potential benefits and limitations of Mexico keeping its oil to generate the country's electricity **(1)** to reach a conclusion. **(1)**

1	• A small number of relevant knowledge points are included and the response is limited by significant errors or omissions. • The response has little relevance to the question. • Analysis where provided is largely descriptive. Use of analytical tools such as diagrams and formulae, where necessary, may contain significant errors or be omitted completely. • Responses show limited organisation of economic ideas.
0	No creditable response.
1	• Provides a vague or general conclusion or judgement in relation to the question. • Makes simple evaluative comment(s) with no development and little supporting evidence.
0	No creditable response.

1(a)(i)	**Identify one possible reason for the value of price elasticity of demand (PED) for chocolate.** • The value shows that PED is relatively inelastic and a reason may be the addictive nature of chocolate, the relatively low price in relation to income, few substitutes etc. • For a recognition that it is inelastic plus identification of a reason **(1)**
1(a)(ii)	**Calculate the percentage change in the value of global sales of chocolate between 2017 and 2026, as shown in Table 1.1.** • If the answer given as 58.8, 58.82 or 59 (with or without the % sign) award 1 mark. If the answer is shown as a negative figure e.g., -59(%) or the calculation is incorrect, 0 marks
1(b)	**With the help of a demand and supply diagram, demonstrate why cocoa bean prices have continued to fall in 2023.** • For an accurately drawn and labelled supply and demand diagram **(1)** that shows supply shifting to the right **or** further to the right than demand and showing the resulting decrease in price which can be shown by an arrow or P1 and P2 or an accompanying explanation **(1)** **Guidance: a diagram alone with the appropriate annotation is enough for the 2 marks.**

1(c)	**Consider whether a buffer stock system controlled by the government of Ivory Coast would be likely to prevent fluctuations in the price of cocoa beans.** • A buffer stock system combines both maximum price and minimum price controls / is designed to **minimise** price fluctuations / price falls **(1)** • If the price falls below a certain fixed point / minimum price the government will purchase and store cocoa beans therefore reducing supply/controlling demand to raise the price of cocoa beans **(1).** If the price rises beyond a certain point / maximum price, this buffer stock is released thus increasing supply and reducing the price of cocoa beans **(1).** **Guidance** • A response that **only** refers to governments buying stocks of cocoa beans in times of a surplus and selling them in times of a shortage to **minimise price fluctuations** is worth 1 additional mark maximum for analysis. **Reserve 1 mark for valid evaluation e.g.,** • Cocoa beans may be difficult/expensive to store / perishable/ may be an illegal market set up so it may not prevent fluctuations in the price of cocoa beans / the government do not have the budget to buy any surplus. **(1)** **Guidance** • The eval mark can be awarded even without any analysis marks being given **PROVIDED** there is a reasonable understanding that a buffer stock scheme only works when stocks can be held/released.

1(d)	**Assess the extent to which the use of a minimum pricing policy would be the best way to ensure 'cocoa bean farmers get paid a living wage'.** **Up to 3 marks for an explanation / analysis of the reasons why the use of a minimum pricing policy would be the best way to ensure cocoa bean farmers get paid a living wage e.g.:** • It ensures that farmers receive a guaranteed price above the equilibrium market price enabling them to receive a higher income • It encourages farmers to maintain / increase production as there is more financial security again leading to a living wage • It reduces the instability caused by fluctuations in the global price of cocoa beans leading to a more stable income for farmers. **Up to 3 marks for an explanation / analysis of the reasons why the use of a minimum pricing policy may not be the best way to ensure cocoa bean farmers get paid a living wage e.g.:** • It may not be set at an appropriate level / may not be enforceable e.g., due to the costs of enforcement • It may lead to a surplus due to increased supply and reduced demand for e.g. chocolate products meaning this surplus may fail to be sold • Budget constraints for the government may make it impossible for them to buy the surplus and this makes the scheme collapse • May make farmers complacent therefore failing to invest and in the LR incomes fall. **Guidance:** • Allow any reasonable point for either perspective, BUT it must be linked how it affects farmer's incomes. • Candidates may choose to compare the advantages and disadvantages of an alternative method e.g., transfer payments / subsidies to farmers. Provided this is clear that **a comparison to a minimum pricing policy** has been attempted, this approach can also gain full marks. • Do not allow answers that refer to minimum wages as the policy or as an alternative. **Note: 4 marks maximum for analysis** • Evaluation that clearly assesses **both** sides **(1)** and comes to a justified conclusion whether it is the best way **(1).**

1(e)	**Assess the advantages and disadvantages of the government of Ivory Coast continuing to specialise in the production and export of cocoa beans.** **Up to 3 marks for an explanation / analysis of the advantages of the government of Ivory Coast continuing to specialise in the production and export of cocoa beans e.g.:** • It allows producers to benefit from comparative advantage and become even more efficient, which will reduce costs and prices further and increase output • It allows producers to further benefit from the increasing worldwide demand for cocoa beans and increase sales • This can encourage / lead to economic growth as exports increase. **Up to 3 marks for an explanation / analysis of the disadvantages of the government of Ivory Coast continuing to specialise in the production and export of cocoa beans e.g.:** • Dependence on cocoa beans may make the economy vulnerable to global reductions in demand / crop failures • It may mean less land is available for other essential food crops leading to an overreliance on imports • A lack of diversification may hinder economic growth and also make the economy more at risk of external shocks • It may exhaust the supply of cocoa beans and other natural resources leading to unemployment in Ivory Coast. **Note: 4 marks maximum for analysis** • Evaluation that clearly assesses **both** sides **(1)** and comes to a justified conclusion. **(1)**

A-Level Economics: **w25 32**

Multiple Choice Answers

Q22: C

A-Level Economics: **w25 34**

Multiple Choice Answers

Q23: D
Q27: A

A-Level Economics: **s25 11**

Multiple Choice Answers

Q10: B
Q17: D

A-Level Economics: **s25 12**

Multiple Choice Answers

Q23: B

Multiple Choice Answers

Q13: D
Q15: B
Q16: C
Q19: D
Q26: C

3	• A detailed knowledge and understanding of relevant economic concepts is included, using relevant explanations. Explanations are supported by examples, where appropriate. • The response clearly addresses the requirements of the question and explains economic issues, and fully develops these explanations. • Analysis is developed and detailed and makes accurate and relevant use of economic concepts and theories. Where necessary, there is accurate and relevant use of analytical tools such as diagrams and formulae, and these are fully explained. • Responses are well-organised, well-focused and presented in a logical and coherent manner.
2	• Knowledge and understanding of some relevant economic concepts is included, using explanations and examples that are limited, over-generalised or contain inaccuracies. • The response addresses the general theme of the question and the relevant economic issues, with limited development. • Analysis is generally accurate with some development but little detail. Uses analytical tools such as diagrams and formulae where necessary. Use of these tools is partially accurate or not fully explained. • Responses are generally logical and coherent but are sometimes lacking in focus or organisation.
1	• A small number of relevant knowledge points are included and the response is limited by significant errors or omissions. • The response has little relevance to the question. • Analysis where provided is largely descriptive. Use of analytical tools such as diagrams and formulae, where necessary, may contain significant errors or be omitted completely. • Responses show limited organisation of economic ideas.
0	No creditable response.

Use this table to give marks for each candidate response for AO3 Evaluation for **Questions 2 3(b)**, **4(b)** and **5(b)**.

Level	Description
2	• Provides a justified conclusion or judgement that addresses the specific requirements of the question. • Makes developed, reasoned and well-supported evaluative comment(s).
1	• Provides a vague or general conclusion or judgement in relation to the question. • Makes simple evaluative comment(s) with no development and little supporting evidence.
0	No creditable response.

Question	Answer
1(d)	**Assess the likely macroeconomic effects of pressure on the exchange rate of the Vietnamese dong arising from Vietnam's increased exports.** **Up to 4 marks for explanation/analysis:** • Explanation that an increase in Vietnam's exports will lead to a rise in the value of the dong. **(1)** The price of exports will rise and import prices will fall. **(1) (max 2)** • Analysis of the likely impact of the rise in the dong on macroeconomic indicators such as employment, national output, inflation and the trade balance. **(max 2)** **Guidance:** Award 2 marks if detailed analysis with reference to just 1 indicator or less detailed analysis of 2 indicators. Award 1 mark for less detailed analysis of 1 indicator. **Up to 2 marks for evaluation:** • Relevant evaluation which weighs up the factors on both sides. **(1)** • A conclusion on the likely overall effect. **(1)**
1(e)	**Assess whether Vietnam's 'economic miracle' is likely to persist over the next few years.** **Up to 4 marks for explanation/analysis:** • Reason why the miracle is likely to persist, e.g. ongoing dispute between US and China, rising GDP per head in Vietnam. **(1)** Explanation of how this reason leads to further economic growth such as boost to AD due to increased exports, increased consumption. **(1)** • Reason why the miracle may not persist such as US imposing additional tariffs on Vietnam's exports, downturn in global economy. **(1)** Explanation of how the reason could reduce economic growth such as lower exports reduce growth. **(1)** **Up to 2 marks for evaluation:** • Relevant evaluation such as Vietnam's heavy dependence on exports is a risk: if there is a world recession Vietnam's economic miracle is likely to end; **(1)** multinational companies (MNCs) could easily move elsewhere; **(1)** or any other relevant reason.

Question	Answer
2(b)	**Assess whether the free market should be used to provide <u>all</u> types of goods in an economy.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** • How supply and demand functions to provide goods in a free market with reference to the distinction between private goods and public goods. • An explanation of the reasons for free market provision of private goods with reference to the distinction between merit and demerit goods. • An explanation of the reason for state provision of public goods. **AO3 Evaluation** • Public goods can only be provided by governments. • Merit goods will be underprovided in the free market and governments should intervene to increase provision. • Demerit goods will be overprovided by the free market and should be controlled in provision. • In conclusion, the free market should not be used to provide all types of goods in an economy. Accept all valid responses.
	AO1 Knowledge and understanding and AO2 Analysis
	AO3 Evaluation

3(a)	**With the help of a formula, explain the meaning of price elasticity of supply <u>and</u> consider which factors are most important in determining whether the price elasticity of supply for a good is likely to be relatively elastic or relatively inelastic.** Follow the point-based marking guidance at the top of this mark scheme and award: up to 3 marks for AO1 Knowledge and understanding up to 3 marks for AO2 Analysis up to 2 marks for AO3 Evaluation. **AO1 Knowledge and understanding (max 3 marks)** What the price elasticity of supply measures **(1)** and the formula for price elasticity **(1)** and the distinction between relatively elastic and relatively inelastic. **(1)** **AO2 Analysis (max 3 marks)** Up to 2 marks for explaining **each** factor that makes elasticity of supply elastic/inelastic. (max 3 marks) **Guidance:** 2 marks for each well-explained factor and 1 mark for each factor with limited explanation. (max 3 marks) **AO3 Evaluation (max 2 marks)** Offers a valid judgement on the relative importance of the factors that influence the price elasticity of supply of a product **(1)** to reach a conclusion. **(1)**
	AO1 Knowledge and understanding
	AO2 Analysis
	AO3 Evaluation

3(b)	**Assess the likely success of any <u>two</u> government policies to make the price elasticity of supply of all agricultural products more elastic.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** How **two** government policies can influence elasticity of supply of agricultural products. These might include: • buffer stocks • provision of stocks/warehousing/refrigeration • improved infrastructure in the agricultural sector • training of agricultural workers • agricultural subsidies. Explanation of the advantages and disadvantages associated with each measure. Explanation of why the measures might be ineffective. **AO3 Evaluation** • Consideration of the relative effectiveness of the two policies explained. • Consideration of the impact of these policies on different types of agricultural products. • In conclusion, whether the policies will be effective for all agricultural products. Accept all valid responses.
	AO1 Knowledge and understanding and AO2 Analysis
	AO3 Evaluation