2 A country with a market economy changes to a mixed economy.

When is this change likely to achieve the largest improvement in resource allocation?

	number of demerit goods in the country	Gini coefficient value for the country
A	many	0.4
B	many	0.7
C	few	0.4
D	few	0.7

A-Level Economics: **w25 14**

9 What is a major function of the price mechanism?

A providing incentives for government intervention to reduce income inequality

B removing shortages by creating incentives for market prices to fall

C removing surpluses by creating incentives for market prices to rise

D signalling changes in market conditions to producers and consumers

A-Level Economics: **w25 23**

3 **(a)** The Gini coefficient for South Korea was estimated to be 0.39 in 2019 and 0.33 in 2022.

Explain what this data means, how it might be used by the government of South Korea **and** consider its usefulness. [8]

(b) Assess why it is easier for a government such as that of South Korea to redistribute income rather than redistribute wealth. [12]

Section C

Answer **one** question.

EITHER