Multiple Choice Answers

Q29: D

Multiple Choice Answers

Q4: 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.	

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)	**Use the information in Figs. 1.1 and 1.2 to compare the change in Malaysia's total population from 2017 to 2022 with the change in its ageing population from 2017 to 2022.** • Total population and ageing population have both increased (1) • The share of ageing population has been increasing at a faster rate than increase in total population (1)
1(b)	**Explain one example of how 'what to produce' in Malaysia may have to change in order to meet the needs of an ageing population.** • Malaysia may need to produce more healthcare and elderly care services, such as hospitals, nursing homes, and medical equipment (1). • This change is needed because an **older population requires more medical attention and long-term care**, moving resources away from goods for younger people/existing provision (1).
1(c)	**With the help of a production possibility curve (PPC) diagram, consider the extent to which Malaysia's productive capacity is likely to change with its projected change in total population.** • Correctly labelled axes (both must be goods. For example, capital goods and consumer goods) (1) • PPC diagram that touches both axes. Either straight line or concave. (1) • An outwards shift of the PPC–this must touch both axes and show an increased productive potential of both goods (1). **For valid evaluation** • The size of the outwards shift may depend on the extent to which Malaysia improves productivity (e.g. through technology or retraining older workers) (1). • If the retirement age does not change then a larger proportion of the labour force will retire which may limit or reverse the outward shift in the PPC. (1) • Other relevant comments that focus on the extent to which Malaysia's PPC will shift outwards or otherwise.

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1(d)	**Assess whether the Malaysian government should provide free childcare to working parents.** **Up to 3 marks for explanation/analysis of why the Malaysian government should provide free childcare to working parents.** • Supports low-income families by reducing childcare costs, helping to reduce poverty and income inequality. • Raises overall consumption and tax revenue, supporting higher economic growth. • Reduces financial pressure on parents by removing childcare costs, allowing them to save or consume on other goods and services. • Makes it easier for both parents to work, improving household income and living standards. **Up to 3 marks for explanation/analysis of why the Malaysian government should not provide free childcare to working parents.** • Providing free childcare has a high opportunity cost, as government spending could be better used on healthcare, pensions, or infrastructure. • It distorts the price mechanism by making childcare artificially cheap, leading to overconsumption and inefficient use of resources. • It may reduce incentives for private childcare providers, lowering quality, efficiency, and competition in the market. • Funding it through higher taxes could discourage work and investment, reducing overall economic productivity. **Up to 3 marks maximum for each perspective, with an overall maximum of 4 marks.** **Guidance**: The assessment must clearly demonstrate economic impacts. If only the reason why or why not free childcare should be provided, then a maximum of 3 marks. **Up to 2 marks for evaluation** • That clearly considers **both** viewpoints. For example, although free childcare helps families and can increase economic growth, but the government must consider the opportunity cost and how it might distort the price mechanism. • Comes to a reasoned conclusion as to whether the government should provide free childcare to working parents **(reserve 1 mark.)** **No mark for eval can be awarded if just one perspective is considered**.

1(e)	**Excluding net exports, assess the likely impact of the change in Malaysia's total population on aggregate demand.** **Up to 3 marks for explanation/analysis of the change in Malaysia's total population would increase the level of aggregate demand.** • A larger population means more consumers, so overall spending on goods and services (consumption) increases, causing AD to rise. • Population growth creates higher demand for housing and infrastructure, encouraging firms to invest more, which raises investment in AD. • The government may need to spend more on healthcare, education, and other public services, increasing government expenditure, a component of AD. • More people can lead to a bigger workforce, increasing total income in the economy and allowing households to spend more, boosting consumption. **Up to 3 marks for explanation/analysis of the change in Malaysia's total population would reduce the level of aggregate demand.** • If population growth causes unemployment to rise, many people may have lower or no income, reducing overall consumption and limiting AD growth. • If people decide to save more due to uncertainty about the future, the increase in consumption will be smaller, so AD won't rise much. • Increased demand from a larger population might cause prices to rise (inflation), reducing the real value of incomes and spending power. • Government budgets may be strained by population growth, limiting its ability to increase spending, so the impact on AD could be limited. **Up to 3 marks maximum for each perspective, with an overall maximum of 4 marks.** **Up to 2 marks for evaluation** • That clearly considers **both** viewpoints. For example, although population growth can increase aggregate demand, but higher costs, inflation, and unemployment may limit how much demand actually rises. • Comes to a reasoned conclusion as to whether the likely impact of the change in Malaysia's total population on aggregate demand **(reserve 1 mark)** **No mark for evaluation can be awarded if just one perspective is considered**.

Multiple Choice Answers

Q1: B

Multiple Choice Answers

Q10: C

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.

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.

2(a)	**An economy contains just two sectors, an agricultural sector and an industrial sector.** **With the help of a diagram, explain how a production possibility curve (PPC) can be used to show the concept of opportunity cost <u>and</u> consider whether opportunity cost is likely to remain constant if resources are reallocated from the agriculture sector to the industrial sector.** 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)** An understanding of a PPC shown through an accurate diagram **(1)**, correctly labelled axes with agriculture on one axis and industrial products on the other axis **(1)**. Defines or demonstrates clear understanding of the concept of opportunity cost **(1)**. **AO2 Analysis (max 3 marks)** Uses the PPC to explain that a movement along the curve involves a reallocation of resources **(1)**, as resources are shifted between the two types of product, there is an opportunity cost involved **(1)**, measured by a sacrifice of agricultural products as more industrial products are produced. **(1)** **AO3 Evaluation (max 2 marks)** Those resources least suited to agriculture will be redeployed first so there will be low opportunity costs **(1)** so opportunity costs will always rise as resources are increasingly reallocated from agriculture to industrial uses **(1)**.
	AO1 Knowledge and understanding
	AO2 Analysis
	AO3 Evaluation

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