Multiple Choice Answers

Q5: B

Multiple Choice Answers

Q15: B

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)	**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)**

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**
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 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**.

Question	Answer
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**.

Question	Answer
2(b)	**Assess the ways in which producers of root ginger might be able to stabilise their incomes.** 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** • An analysis of the at least 2 ways in which producers or root ginger might be able to stabilise their income. For example, using their land for other purposes, diversifying or benefitting from government interventions. These interventions may include: **Subsidies** • Provision of financial support to help producers cover costs and maintain stable incomes. • Encourage production by making ginger farming more profitable. • Can be expensive for the government to maintain long-term. • May encourage overproduction, leading to wasted resources or falling market prices. **Minimum Price** • Guarantees a minimum income for producers, stabilizing their earnings. • Encourages consistent production levels. • May lead to surpluses if minimum price is above equilibrium. • Government may need to buy excess ginger, increasing costs. **Buffer Stock Systems** • Helps smooth out price fluctuations by buying surplus and releasing stock during shortages. • Provides income stability for producers during periods of low demand. • Requires significant storage and management costs. • Risk of losses if stored ginger spoils or market conditions change. **Guidance**: The assessment of both perspectives **must be in the context of stabilising the income of root ginger producers and not a general explanation of a range of policies**. A response that fails to do this is unlikely to achieve above a mid-Level 2 mark. **Level 1 responses** will be assertive and lacking in explanations / mainly descriptive and/or or mainly lacking in relevance to the question. **Level 2 responses** may contain some inaccuracies and may be one sided. Analysis will be explained at least in part and will be largely relevant to the question.

3(a)	**The Gini coefficient for South Korea was estimated to be 0.39 in 2019 and 0.33 in 2022.** **Explain what the data means, how it might be used by the government of South Korea and consider its usefulness.** 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)** Meaning of what the Gini coefficient is (1). It ranges from 0 to 1, where 0 represents complete equality and 1 represents complete inequality (1). A fall in the Gini coefficient from 0.39 to 0.33 indicates that income became more evenly distributed among the population of South Korea between 2019 and 2022. (1) **AO2 Analysis (max 3 marks)** • The government could use this information to evaluate the success of policies aimed at reducing income inequality, such as progressive taxation or transfer payments. (1) • The data might also guide future policy decisions, for example deciding whether to increase social welfare spending or adjust tax rates to maintain or further reduce inequality. (1) • However, its usefulness will be dependent in both the accuracy of and confidence in the data. (1)
	AO3 Evaluation (max 2 marks) • The Gini coefficient is useful for showing changes in overall inequality, but it does not indicate which income groups have gained or lost. (1) • It also ignores other dimensions of inequality, such as wealth inequality or access to education and healthcare, which can limit its usefulness for policy-making. (1) • Despite these limitations, it remains a valuable indicator for comparing inequality over time and across countries. (1)
	AO1 Knowledge and understanding
	AO2 Analysis
	AO3 Evaluation

3(b)	**Assess why it is easier for a government such as that of South Korea to redistribute income rather than redistribute wealth.** 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** **Redistributing Income** • Governments can change the level of direct taxation and transfer payments such as benefits or subsidies, allowing income redistribution through existing fiscal systems. • Income is received regularly and recorded through wages or salaries, making it easier for governments to measure and adjust policies quickly. **However** • High-income earners may respond to redistributive tax policies by avoiding or evading taxes, reducing the effectiveness of redistribution. • Increasing taxes on higher earners or firms may discourage work and investment, leading to lower economic growth and government revenue. **Redistributing wealth** • Wealth can be redistributed through inheritance or property taxes, which directly target accumulated assets rather than annual income. • Governments can promote asset ownership among lower-income groups through housing schemes, education access, or small business grants. **However** • Wealth is often difficult to measure accurately, especially in the form of private businesses, offshore accounts, or property, making taxation complex. • Wealthy individuals often have political influence and legal means to resist or reduce the impact of wealth taxes, limiting the government's ability to redistribute effectively.

3(b)	**Level 1 responses** will be assertive and lacking in explanations / mainly descriptive and/or or mainly lacking in relevance to the question. **Level 2 responses** may contain some inaccuracies and may be one sided. Analysis will be explained at least in part and will be largely relevant to the question. **Level 3 responses** will consider alternative policies / concepts etc. and will be balanced. Explanations of points raised will be offered and will be accurate and relevant to the question. **AO3 Evaluation** That clearly analyses at both sides of each perspective question and comes to a valid conclusion. **A one-sided response that does not contain both perspectives of each option cannot gain any marks for evaluation.** Accept all valid responses.
	AO1 Knowledge and understanding and AO2 Analysis
	AO3 Evaluation

A-Level Economics: **s25 11**

Multiple Choice Answers

Q12: D

Q14: D

A-Level Economics: **s25 12**

Multiple Choice Answers

Q14: A