Multiple Choice Answers

Q4: A

Q8: D

A-Level Economics: **w25 32**

Multiple Choice Answers

Q2: D

A-Level Economics: **w25 33**

Multiple Choice Answers

Q6: C

Q8: B

A-Level Economics: **w25 42**

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)	**Explain the significance of measuring GDP at constant prices.** The total output from within a country **(1)** Constant prices mean changes in prices are taken into account **(1)** which allows for the measurement of the real change in output (**1)** Easier comparisons of GDP (**1)**
1(b)	**Explain one possible benefit of horizontal integration and one possible benefit of vertical integration**. Horizontal integration definition (**1)** + Benefit (**1)** Vertical integration definition (**1)** + Benefit **(1)**
1(c)	**Describe how the market structure in which individual farmers operate is likely to differ from the market structure in which the commodity traders operate.** Farmers: **monopolistic competition (1)** many sellers **(1)**, similar product **(1)**, no barriers to entry (**1**), price maker **(1) Max 3** Traders: **oligopoly (1)** and a few sellers **(4) (1)** and barriers to entry **(1)** price maker **(1)** product differentiation **(1) Max 3** **Market structure must be correct to gain explanation marks.**
1(d)	**Use the article to evaluate the impact of the development of the agricultural and mining industries on the standard of living in Brazil.** Definition of standard of living: Monetary **(1)** and non-Monetary **(1)**. **(2) Max** **Data interpretation (4) max** **Data** for improvement SoL Increase in GDP 0.7 trn **(1)**, and US$ 1459 pc **(1)**, **Can quote the changes**, Large exporter **(1)**, **(2) Max** **Data** for reduction in SoL Agricultural/mining/oil degradation of rain forest **(1)** Environmental pollution from mining/Flooding from burst dams **(1) (2) Max** **But** no mention of non-financial aspect of SoL:**1** e.g. education, health or housing **(1) (2) Max** **Conclusion:** The data is mixed with some positive and negative points but there is need for a wider range of data to make a full judgement **(1)**

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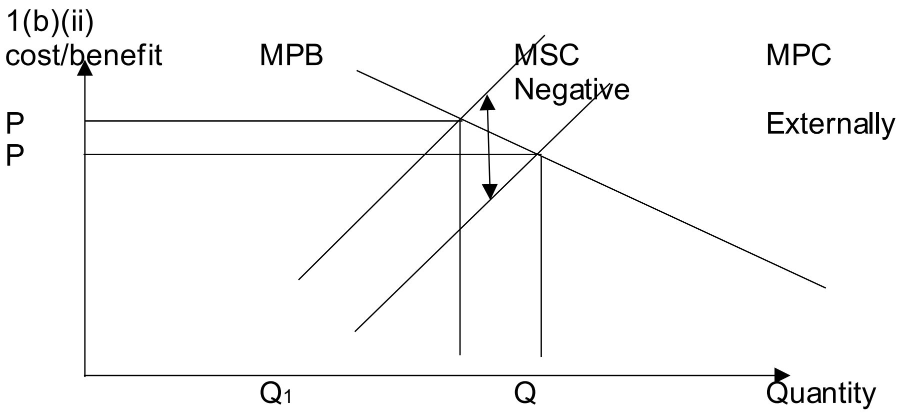
1(a)	**Explain the meaning of 'allocative and productive efficiency'.** Allocative efficiency is when firms produce what consumers want **(1)** MC=AR/MC =P. **(1)** Productive efficiency is producing goods and services with the least use of resources. **(1)** Production on the lowest average cost curve/ minimum average cost/AC =minimum **(1)** Producing on the PPC **1**
1(b)(i)	**Explain what is meant by a negative production externality.** A cost **1** that is born by someone other than the producer of the good/a third party **1**
1(b)(ii)	**Identify from the extract, a negative production externality resulting from steel production.** Noise, dirt or polluted air **1** **Max 1 mark**
1(b)(iii)	**Explain, with the aid of a diagram, the consequences for output and price if the steel market is required to take into consideration negative production externalities.**  Labels **1** Axes **1** and explicit indication of negative externality **1** Comment: Quantity falls from Q to Q_1 **1** and Price increases from P to P_1 **1** Welfare loss explained **1**

1(c)	**Consider whether ‘a monopoly always operates against the interests of the consumer’.** In favour of monopoly : • Economies of scale **1,** + explanation **1** • Investment in research and development **1,** + explanation **1** Natural monopoly e.g. railways **1,** + development **1** **Max 4** Against monopoly: Loss of productive efficiency **1** + explanation **1** Loss of allocative efficiency **1** + explanation **1** Lack of dynamic efficiency**1** + explanation Or: A diagram showing the loss of allocative and productive efficiency Axes/Labels **1** correct costs and revenues **1** loss of AE **1** loss of PE **1** **Max 4** **Max 7 for argument** Conclusion: **1**