Past-paper walk-through

Demand ▪ 2.2

eXercise

Questions in this set

- 0455/11 N25 Q4 ▪ 1 mark
- 0455/11 N25 Q5 ▪ 1 mark
- 0455/11 J25 Q4 ▪ 1 mark
- 0455/12 J25 Q6 ▪ 1 mark
- 0455/23 J25 Q4 ▪ 20 marks
- 0455/12 N24 Q5 ▪ 1 mark
- 0455/13 N24 Q4 ▪ 1 mark
- 0455/22 N24 Q4 ▪ 20 marks

Reading the mark scheme

- **B1** a mark that stands on its own – the point is either made or not.
- **M1** a *method* mark: the right approach, even if the number is wrong.
- **A1** an *answer* mark, and it usually needs its M mark first.
- **C1** a working mark on the way to the answer.
- // separates answers the examiner accepts equally.
- **ecf** = error carried forward: a later part is marked on your own earlier answer.
- **owtte** = "or words to that effect" – the wording need not match.

Question 4

0455/11 N25 ▪ Q4 ▪ 1 mark

4 The price of petrol increases in a country with a market economic system.

What is a consequence of this?

A More cars are bought.

B The costs of road transport increase.

C The quantity of petrol supplied falls.

D There is a shortage of petrol.

Solution 4

Answer: **B**

Why

- In a market system, price changes are the signal that reallocates resources.
- Dearer petrol raises the cost of motoring, so people drive less and demand for cars falls.
- It also raises transport costs for firms, which feeds into other prices.

Question 5

0455/11 N25 ▪ Q5 ▪ 1 mark

5 What determines a consumer's demand for a product?

	the consumer's income	the consumer's willingness to buy the product	the price of the product
A	✓	✓	✓
B	✓	✓	✗
C	✗	✓	✓
D	✓	✗	✓

key

✓ = yes

✗ = no

Question 5

Solution 5

Answer: **A**

Why

- Effective demand requires both willingness *and* ability to pay.
- So the price, the consumer's income and their willingness all matter.
- Wanting something without the income to buy it is not demand in the economic sense.

Question 4

0455/11 J25 ▪ Q4 ▪ 1 mark

4 In 2020, to prevent the spread of a pandemic, many governments temporarily closed restaurants and cafés.

What would be a macroeconomic impact of such a policy?

A Demand for food to be consumed at home would rise.

B Gross Domestic Product (GDP) would fall.

C The profits from restaurants and cafés would fall.

D Staff working in restaurants and cafés would lose income.

Solution 4

Answer: **B**

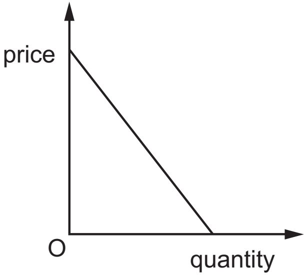
Why

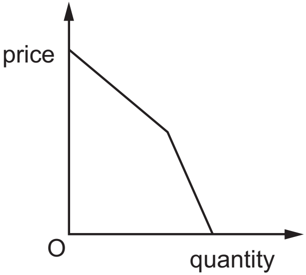
- Macroeconomic impacts affect the whole economy, not one firm or market.
- Closing restaurants nationwide raises unemployment and reduces national output.
- A change in one restaurant's prices would be microeconomic instead.

Question 6

0455/12 J25 ▪ Q6 ▪ 1 mark

6 The diagrams show the demand curves for the only two buyers in a market.

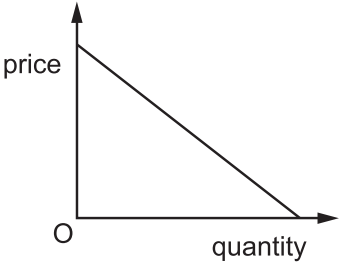




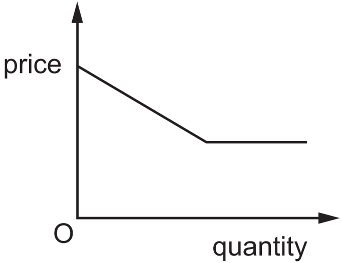
Question 6

What will be the shape of the market demand curve for the good?

A

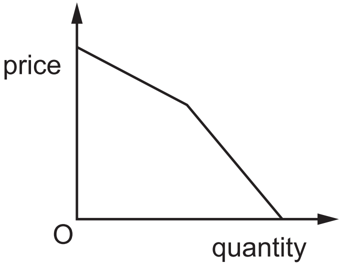


B

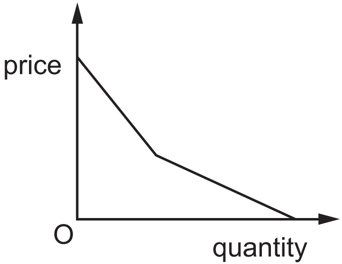


Question 6

C



D



Solution 6

Answer: **C**

Why

- A market demand curve is the *horizontal* sum of the individual demand curves.
- So at each price, add the quantities the two buyers want.
- The market curve is therefore flatter than either individual curve.

Question 4

0455/23 J25 ▪ Q4 ▪ 20 marks

4 As cities experience economic growth, the buildings in the city become taller. This is driven by an increase in the willingness and ability of consumers to live in tall buildings. Changes in the conditions of supply have also increased the number of tall buildings being constructed. However, there is a limit to the height of buildings – above a certain height, the total cost of constructing the building will exceed the total revenue generated.

(a) Define total cost. [2]

(b) Explain two causes of an increase in the supply of a product. [4]

(c) Analyse factors that can increase the willingness and ability of consumers to buy a certain product. [6]

(d) Discuss whether or not economic growth will improve living standards in a city. [8]

(a) (a) Define total cost. [2] **[2]**

Question 4

(b) (b) Explain two causes of an increase in the supply of a product. [4] **[4]**

(c) (c) Analyse factors that can increase the willingness and ability of consumers to buy a certain product. [6] **[6]**

(d) (d) Discuss whether or not economic growth will improve living standards in a city. [8] **[8]**

Solution 4

(a)

Mark scheme

- Define total cost.
- Total cost is addition of all costs / overall costs (1) fixed cost
- (1) plus variable cost (1).
- 2

Solution 4

(b) Mark scheme

- Explain two causes of an increase in the supply of a
- product.
- Logical explanation which might include:
- ▪
- lower costs (1) e.g. cost of raw materials / greater
- potential profitability 1
- ▪
- increased productivity (1) e.g. due to better technology 1

Solution 4

- ▪
- reduced regulations (1) easier / cheaper to produce
- more 1
- ▪
- reduced taxes (1) reducing cost of production 1
- ▪
- increased subsidies (1) enabling producers to be able to
- produce more with the same amount of financial capital
- / money / cover some costs / provide additional revenue 1
- ▪

Solution 4

- better weather / more suitable season (1) increasing
- crop yield / less destruction or damage to crops(1)
- ▪
- increases in stocks / inventories (1).
- 4 One mark each for each of two reasons identified and one
- mark each for each of two explanations.
- If more than two causes given, consider the first three.
- 0455/23
- May/June 2025
- Mark

Solution 4

- Guidance

Solution 4

(c) Mark scheme

- Analyse factors that can increase the willingness and
- ability of consumers to buy a certain product.
- Coherent analysis which might include:
- ▪
- decrease in the price of the product itself / subsidy 1
- makes the product more affordable (1) increasing
- demand 1
- ▪

Solution 4

- increase in the price of substitutes (1) which are goods
- that provide the similar levels of satisfaction / example
- of substitutes (1) increasing demand 1
- ▪
- decrease in the price of complements (1) goods that are
- in joint demand / example of complements 1
- increasing demand 1
- ▪
- increase in expected price in future (1) consumers
- willing to buy more now when prices are lower 1

Solution 4

- instead of the future when prices go up 1
- ▪
- increase in incomes (1) consumers more able to buy the
- product now (1) since affordability / purchasing power
- increase 1
- ▪
- change in trends / popularity (1) some products become
- more fashionable / more popular 1
- ▪
- increase in quality (1) making the product more

Solution 4

- desirable 1
- ▪
- increase in or more effective advertising / marketing 1
- informing consumers about the product (1) persuading
- consumers to buy the product 1
- ▪
- increased peer pressure to buy the product (1) e.g.
- conspicuous consumption / to keep in with friends 1
- ▪
- government health campaigns (1) encouraging

Solution 4

- consumption of merit goods 1
- ▪
- change in seasons / weather (1) some products become
- more needed / desired at certain times (1) relevant
- example (1).
- 6 Maximum of two marks for just listing different reasons for
- increase in willingness and ability of consumers to buy a
- certain product.
- Reward increase in demand only once and reward decrease
- in demand only once.

Solution 4

- 0455/23
- May/June 2025
- Mark
- Guidance

Solution 4

(d) Mark scheme

- Discuss whether or not economic growth will improve
- living standards in a city.
- In assessing each answer, use the table opposite.
- Why it might:
- ▪
- increase job opportunities in the city – increase income
- ▪
- increase government revenue – more public and merit

Solution 4

- goods for the city
- ▪
- increase amount of investment in the city – more choice
- of goods and services
- Why it might not:
- ▪
- increase negative externalities such as pollution and
- congestion
- ▪
- overcrowding as more people attracted to come to cities

Solution 4

- ▪
- increase inequality
- ▪
- may produce inflationary pressures – reducing
- affordability
- 8 Maximum of four marks if no reference to a city.
- Level
- Description
- 3
- A reasoned discussion which accurately

Solution 4

- examines both sides of the economic
- argument, making use of economic
- information and clear and logical
- analysis to evaluate economic issues
- and situations. One side of the argument
- may have more depth than the other, but
- overall both sides of the argument are
- considered and developed. There is
- thoughtful evaluation of economic
- concepts, terminology, information

Solution 4

- and/or data appropriate to the question.
- The discussion may also point out the
- possible uncertainties of alternative
- decisions and outcomes.
- 6–8
- 2
- A reasoned discussion which makes use
- of economic information and clear
- analysis to evaluate economic issues
- and situations. The answer may lack

Solution 4

- some depth and development may be
- one-sided. There is relevant use of
- economic concepts, terminology,
- information and data appropriate to the
- question.
- 3–5
- 0455/23
- May/June 2025
- Mark
- Guidance

Solution 4

- 8
- Level
- Description
- 1
- There is a simple attempt at using
- economic definitions and terminology.
- Some reference may be made to
- economic theory, with occasional
- understanding.
- 1–2

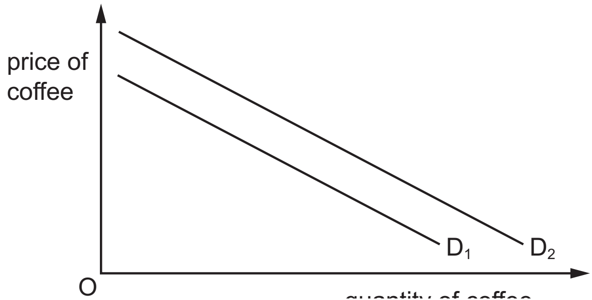
Solution 4

- 0
- A mark of zero should be awarded for no
- creditable content.
- 0
- 0455/23
- May/June 2025
- Mark
- Guidance

Question 5

0455/12 N24 ▪ Q5 ▪ 1 mark

5 The diagram shows a change in demand for coffee.



Question 5

quantity of coffee
demanded per month

What would cause the demand for coffee to change from D_1 to D_2?

A a good coffee harvest

B a rise in the price of substitute drinks

C a rise in the wages of coffee workers

D a successful advertising campaign for tea

Solution 5

Answer: **B**

Why

- A shift of the demand curve is caused by something other than the good's own price.
- Income, tastes, population or the price of a substitute or complement will do it.
- A rightward shift means more is demanded at every price.

Question 4

0455/13 N24 ▪ Q4 ▪ 1 mark

4 The world price of cocoa has been falling while the prices of products made from cocoa have been rising.

Which combination might explain this?

	market for cocoa	advertising expenditure on products made from cocoa
A	excess demand	decrease
B	excess supply	decrease
C	excess demand	increase
D	excess supply	increase

Solution 4

Answer: **D**

Why

- Falling raw cocoa prices with rising chocolate prices means the two markets moved apart.
- So supply of raw cocoa must have risen while demand for the finished product also rose.
- Advertising raising demand for chocolate, plus a good harvest, would produce exactly that.

Question 4

0455/22 N24 ▪ Q4 ▪ 20 marks

4 In 2021, there were extensions and contractions in demand for a number of South African products. In that year, a South African court stopped a multinational company (MNC) exploring for oil along South Africa's coastline. South Africa experienced an increase in output, driven largely by the growth in its tertiary sector. However, its unemployment rate was 35%, a long way from full employment.

(a) Define an extension in demand. [2]

(b) Explain two external costs that may be caused by exploring for oil. [4]

(c) Analyse how growth in a country's tertiary sector can increase its living standards. [6]

(d) Discuss whether or not workers who lose their jobs are likely to stay unemployed for a long time. [8]

(a) (a) Define an extension in demand. [2] **[2]**

Question 4

(b) (b) Explain two external costs that may be caused by exploring for oil. [4] **[4]**
(c) (c) Analyse how growth in a country's tertiary sector can increase its living standards. [6] **[6]**
(d) (d) Discuss whether or not workers who lose their jobs are likely to stay unemployed for a long time. [8] **[8]**

Solution 4

(a) Mark scheme

- Define an extension in demand.
- A movement along a demand curve (1) higher demand 1
- caused by a fall (1) in price (1).
- 2 May be shown by a movement down a demand curve
- caused by a fall in price.
- Not accepting: an increase in demand but accepting: an
- increase in quantity demanded.

Solution 4

(b) Mark scheme

- Explain two external costs that may be caused by
- exploring for oil.
- Logical explanation which might include:
- Air pollution / pollution (1) those living nearby may
- experience a reduction in air quality / contribute to climate
- change/global warming / reduced health (1).
- Noise pollution (1) disturbing sleep (1).
- Water pollution / oil spillage (1) damage health (1).

Solution 4

- Damage to the natural environment / land / deforestation [1]
- destroy wildlife habitats / cause global warming / climate
- change (1).
- Reduce tourism (1) lower employment (1).
- Congestion (1) increasing transport costs (1).
- 4 One mark each for each of two costs identified and one
- mark for each of two explanations.
- Reduce tourism may be given as an identification or as an
- explanation of e.g. 'Damage to the natural environment'
- 0455/22

Solution 4

- October/November 2024
- Guidance

Solution 4

(c) Mark scheme

- Analyse how growth in a country's tertiary sector can
- increase its living standards.
- Coherent analysis which might include:
- May have high productivity (1) increase output (1) increase
- employment / reduce unemployment (1).
- May pay higher wages (1) allowing workers to consume
- more goods and services / afford education / afford
- healthcare / reduce poverty / buy more necessities / buy

Solution 4

- some luxuries/wants (1).
- May provide good working conditions (1) less tiring / less
- physically demanding (1) resulting in good health of workers
- (1) few accidents (1).
- May involve expansion of education (1) increasing future
- employment / workers' skills (1) earning prospects 1
- increase quality of output (1) increase HDI value (1).
- More transport services (1) could reduce prices / lower
- congestion / reduce stress (1).
- Growth of entertainment industry (1) improve leisure time

Solution 4

- (1).
- May involve expansion of healthcare (1) increase life
- expectancy / better health (1).
- May increase tax revenue (1) enabling the government to
- spend more on e.g. education (1).
- Less pollution (1) less environmental damage / less climate
- change / less global warming (1).
- 6
- 0455/22
- October/November 2024

Solution 4

- Guidance

Solution 4

(d) Mark scheme

- Discuss whether or not workers who lose their jobs are
- likely to stay unemployed for a long time.
- In assessing each answer, use the table opposite.
- Why they might:
- ▪
- may lose skills / unskilled workers may have greater
- difficulty than skilled workers in finding another job
- ▪

Solution 4

- may become out of date with advances in technology /
- working practices
- ▪
- may be expensive for firms to employ as may need
- extra training
- ▪
- may lose confidence
- ▪
- may become less attractive to employers
- ▪

Solution 4

- more likely to stay unemployed if a result of
- cyclical/structural rather than frictional unemployment
- ▪
- may be high unemployment benefits.
- Why they might not:
- ▪
- may receive government training
- ▪
- may be geographically/occupationally mobile
- ▪

Solution 4

- gap between wages and state benefits may encourage
- the unemployed to seek work
- ▪
- economy may grow, expanding employment
- opportunities
- ▪
- may leave the labour force, e.g. retire / emigrate
- ▪
- may be seasonally unemployed.
- 8 Reward but do not expect reference to hysteresis.

Solution 4

- Level
- Description
- 3
- A reasoned discussion which
- accurately examines both sides of the
- economic argument, making use of
- economic information and clear and
- logical analysis to evaluate economic
- issues and situations. One side of the
- argument may have more depth than

Solution 4

- the other, but overall both sides of the
- argument are considered and
- developed. There is thoughtful
- evaluation of economic concepts,
- terminology, information and/or data
- appropriate to the question. The
- discussion may also point out the
- possible uncertainties of alternative
- decisions and outcomes.
- 6–8

Solution 4

- 2
- A reasoned discussion which makes
- use of economic information and clear
- analysis to evaluate economic issues
- and situations. The answer may lack
- some depth and development may be
- one-sided. There is relevant use of
- economic concepts, terminology,
- information and data appropriate to
- the question.

Solution 4

- 3–5
- 0455/22
- October/November 2024
- Guidance
- Level
- Description
- 1
- There is a simple attempt at using
- economic definitions and terminology.
- Some reference may be made to

Solution 4

- economic theory, with occasional
- understanding.
- 1–2
- 0
- A mark of zero should be awarded for
- no creditable content.
- 0
- Guidance