Multiple Choice Answers

Q14: A

Multiple Choice Answers

Q13: A

3(a)	**Define *average total cost.*** Total cost divided by output (2). Cost per unit (1).
3(b)	**Explain how using renewable raw materials may affect a firm's profits.** Logical explanation which might include the following. • Using renewable resources may be more expensive (1) increase costs of production (1) reduce profits (1). • Can advertise that renewable resources which create less pollution / improve environmental sustainability are being used (1) increase image of the firm (1) raise demand (1) increase profits (1). • Using renewable resources may be subsidised (1). May become cheaper to use renewable resources in the long run (1). • Resources will not be depleted / firms have a constant supply of raw materials (1) raise profits (1).

3(c)	**Analyse the internal economies of scale that a cosmetics firm could experience**. Coherent analysis which might include the following. • Buying / purchasing economies (1) buy ingredients in bulk at a discount (1). • Labour economies (1) workers specialising e.g. designing the packaging (1). • Managerial economies (1) e.g. specialist human resource manager (1). • Technical economies (1) advanced technology could be used to produce perfume (1). • Financial economies (1) the firm finding it cheaper / easier to borrow from banks (1). • Research and development economies (1) develop new perfumes (1). • Selling / marketing economies (1) lower average advertising costs (1). • Risk-bearing economies (1) selling perfume in more markets (1).

3(d)	**Discuss whether or not perfume should be taxed at a higher rate than food.** In assessing each answer, use the table opposite. Why it should: • perfume is a luxury whereas food is a necessity • rich spend more on perfume than the poor • taxing food more may increase poverty as poor spend a high proportion of their income on food • perfume is less likely than food to be a merit good • a higher price for perfume will not significantly contribute to inflation, not a significant item in CPI • perfume may be imported while food may be supplied by domestic firms. Why it should not: • demand for perfume may be elastic and so may not raise much revenue. In contrast, inelastic demand for food so may raise high tax revenue • perfume may be an important domestic industry. Higher taxes may result in closure / unemployment • some food is a demerit good e.g. food with a high sugar content • taxing demerit food may improve health • taxing food may reduce obesity.

IGCSE Economics: **w25 22**

3(d)	

IGCSE Economics: **s25 11**

Multiple Choice Answers

Q14: B

IGCSE Economics: **s25 12**

Multiple Choice Answers

Q11: C

Q16: C

IGCSE Economics: **m25 12**

Multiple Choice Answers

Q13: B

IGCSE Economics: **w24 11**

Multiple Choice Answers

Q12: A

IGCSE Economics: **w24 12**

Multiple Choice Answers

Q13: B