

These are written to the exact length each command word asks for, with the mark allocation annotated. Economics answers lose marks in two predictable places: no diagram where one was expected, and a conclusion that repeats the argument instead of judging it. Both are addressed here. 范文按命令词要求的长度写成, 并标注得分点。

Definitions and short answers

1 Define opportunity cost. [2]

Opportunity cost is the next best alternative that is given up when a choice is made. For example, if a government spends money on a new hospital, the opportunity cost may be the school it could have built instead.

One mark for the definition and one for a correct example. The words “next best” carry the definition mark – “what you lose” is too vague and scores nothing. The example must name a specific alternative, not restate the definition.

1 Identify two causes of an increase in the demand for a good. [2]

A rise in consumers’ incomes, if the good is a normal good. A rise in the price of a substitute good.

Two marks, one each. The conditional clause “if the good is a normal good” costs nothing and protects the mark, because for an inferior good higher income reduces demand. Note that a fall in the good’s own price is NOT a cause of increased demand – it causes a movement along the curve, not a shift – and offering it is the commonest way to lose this mark.

Explanation with a diagram

1 Explain, using a demand and supply diagram, the effect on the market for coffee of a poor harvest. [4]

A poor harvest reduces the quantity of coffee that producers can supply at every price, so the supply curve shifts to the left, from S1 to S2 on the diagram. At the original price there is now a shortage, because quantity demanded is greater than quantity supplied. This shortage causes the price to rise from P1 to P2. As the price rises, quantity demanded contracts along the demand curve until a new equilibrium is reached at a higher price and a lower quantity, Q2.

Four marks: one for a correctly labelled diagram with both axes and both curves named, one for the leftward shift of supply, one for identifying the shortage at the old price, and one for the new equilibrium with price up and quantity down. Two details do the work: the answer refers to the diagram by its labels (S1 to S2, P1 to P2), and it distinguishes the SHIFT of supply from the MOVEMENT along demand. An answer that says “demand falls” instead of “quantity demanded contracts” loses a mark on that distinction alone.

1 Explain two reasons why a government might impose a tax on cigarettes. [4]

One reason is to reduce consumption. Cigarettes cause harm to the smoker and, through passive smoking, to others, so they generate external costs. A tax raises the price, which reduces the quantity demanded and moves consumption closer to the socially optimal level. A second reason is to raise government revenue. Demand for cigarettes is price inelastic because they are addictive, so a rise in price causes a smaller percentage fall in quantity demanded, and total revenue from the tax rises.

Two marks per reason: one for identifying it, one for developing it with economic reasoning. The second reason uses elasticity explicitly, and that is what turns a statement into economics. Note that the two reasons are in tension – one wants consumption to fall, the other wants it not to – and noticing that would earn credit in a longer question.

1 Discuss whether a government should increase spending on education. [8]

Increased spending on education can raise the quality of the workforce. Better educated workers are more productive, so firms can produce more output per worker, which increases economic growth. Education also raises the incomes people can earn, which can reduce income inequality and poverty over time. There are external benefits too: a better educated population may be healthier and commit less crime, so the social benefit is greater than the private benefit and the market alone would under-provide education. However, government spending must be financed. If it is funded by higher taxes, this may reduce the incentive to work or discourage investment by firms. If it is funded by borrowing, interest payments will take up future government revenue that could be spent elsewhere. The money also has an opportunity cost: the same funds could be spent on healthcare or infrastructure, which might raise living standards more quickly. Education is also a long-term investment, and the benefits may take fifteen years to appear, while a government faces problems now. Whether the government should increase spending depends on the current state of education in the country and on the alternatives. In a country where many children do not complete primary school, the return on additional spending is likely to be very high, and the case is strong. In a country that already has near-universal education to eighteen, the same money may achieve more elsewhere. It also depends on how the spending is financed, since raising taxes on already-struggling firms could offset the gains.

Eight marks. Three developed points for, three against, then a judgement that gives CONDITIONS rather than a verdict. The two conditions here are the country’s starting position and the method of finance, and both were mentioned earlier in the answer, so the conclusion follows from the argument instead of being bolted on. That connection is the difference between the top band and the one below it.