Multiple Choice Answers

Q5: B

Multiple Choice Answers

Q11: D
Q13: C
Q29: D

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)(i)	**Identify one possible reason for the value of price elasticity of demand (PED) for chocolate.** • The value shows that PED is relatively inelastic and a reason may be the addictive nature of chocolate, the relatively low price in relation to income, few substitutes etc. • For a recognition that it is inelastic plus identification of a reason **(1)**
1(a)(ii)	**Calculate the percentage change in the value of global sales of chocolate between 2017 and 2026, as shown in Table 1.1.** • If the answer given as 58.8, 58.82 or 59 (with or without the % sign) award 1 mark. If the answer is shown as a negative figure e.g., -59(%) or the calculation is incorrect, 0 marks
1(b)	**With the help of a demand and supply diagram, demonstrate why cocoa bean prices have continued to fall in 2023.** • For an accurately drawn and labelled supply and demand diagram **(1)** that shows supply shifting to the right **or** further to the right than demand and showing the resulting decrease in price which can be shown by an arrow or P1 and P2 or an accompanying explanation **(1)** **Guidance: a diagram alone with the appropriate annotation is enough for the 2 marks.**

1(c)	**Consider whether a buffer stock system controlled by the government of Ivory Coast would be likely to prevent fluctuations in the price of cocoa beans.** • A buffer stock system combines both maximum price and minimum price controls / is designed to **minimise** price fluctuations / price falls **(1)** • If the price falls below a certain fixed point / minimum price the government will purchase and store cocoa beans therefore reducing supply/controlling demand to raise the price of cocoa beans **(1).** If the price rises beyond a certain point / maximum price, this buffer stock is released thus increasing supply and reducing the price of cocoa beans **(1).** **Guidance** • A response that **only** refers to governments buying stocks of cocoa beans in times of a surplus and selling them in times of a shortage to **minimise price fluctuations** is worth 1 additional mark maximum for analysis. **Reserve 1 mark for valid evaluation e.g.,** • Cocoa beans may be difficult/expensive to store / perishable/ may be an illegal market set up so it may not prevent fluctuations in the price of cocoa beans / the government do not have the budget to buy any surplus. **(1)** **Guidance** • The eval mark can be awarded even without any analysis marks being given **PROVIDED** there is a reasonable understanding that a buffer stock scheme only works when stocks can be held/released.

1(d)	**Assess the extent to which the use of a minimum pricing policy would be the best way to ensure 'cocoa bean farmers get paid a living wage'.** **Up to 3 marks for an explanation / analysis of the reasons why the use of a minimum pricing policy would be the best way to ensure cocoa bean farmers get paid a living wage e.g.:** • It ensures that farmers receive a guaranteed price above the equilibrium market price enabling them to receive a higher income • It encourages farmers to maintain / increase production as there is more financial security again leading to a living wage • It reduces the instability caused by fluctuations in the global price of cocoa beans leading to a more stable income for farmers. **Up to 3 marks for an explanation / analysis of the reasons why the use of a minimum pricing policy may not be the best way to ensure cocoa bean farmers get paid a living wage e.g.:** • It may not be set at an appropriate level / may not be enforceable e.g., due to the costs of enforcement • It may lead to a surplus due to increased supply and reduced demand for e.g. chocolate products meaning this surplus may fail to be sold • Budget constraints for the government may make it impossible for them to buy the surplus and this makes the scheme collapse • May make farmers complacent therefore failing to invest and in the LR incomes fall. **Guidance:** • Allow any reasonable point for either perspective, BUT it must be linked how it affects farmer's incomes. • Candidates may choose to compare the advantages and disadvantages of an alternative method e.g., transfer payments / subsidies to farmers. Provided this is clear that **a comparison to a minimum pricing policy** has been attempted, this approach can also gain full marks. • Do not allow answers that refer to minimum wages as the policy or as an alternative. **Note: 4 marks maximum for analysis** • Evaluation that clearly assesses **both** sides **(1)** and comes to a justified conclusion whether it is the best way **(1).**

1(e)	**Assess the advantages and disadvantages of the government of Ivory Coast continuing to specialise in the production and export of cocoa beans.** **Up to 3 marks for an explanation / analysis of the advantages of the government of Ivory Coast continuing to specialise in the production and export of cocoa beans e.g.:** • It allows producers to benefit from comparative advantage and become even more efficient, which will reduce costs and prices further and increase output • It allows producers to further benefit from the increasing worldwide demand for cocoa beans and increase sales • This can encourage / lead to economic growth as exports increase. **Up to 3 marks for an explanation / analysis of the disadvantages of the government of Ivory Coast continuing to specialise in the production and export of cocoa beans e.g.:** • Dependence on cocoa beans may make the economy vulnerable to global reductions in demand / crop failures • It may mean less land is available for other essential food crops leading to an overreliance on imports • A lack of diversification may hinder economic growth and also make the economy more at risk of external shocks • It may exhaust the supply of cocoa beans and other natural resources leading to unemployment in Ivory Coast. **Note: 4 marks maximum for analysis** • Evaluation that clearly assesses **both** sides **(1)** and comes to a justified conclusion. **(1)**

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)	**Use the information in Figs. 1.1 and 1.2 to compare the change in Malaysia's total population from 2017 to 2022 with the change in its ageing population from 2017 to 2022.** • Total population and ageing population have both increased (1) • The share of ageing population has been increasing at a faster rate than increase in total population (1)
1(b)	**Explain one example of how 'what to produce' in Malaysia may have to change in order to meet the needs of an ageing population.** • Malaysia may need to produce more healthcare and elderly care services, such as hospitals, nursing homes, and medical equipment (1). • This change is needed because an **older population requires more medical attention and long-term care**, moving resources away from goods for younger people/existing provision (1).
1(c)	**With the help of a production possibility curve (PPC) diagram, consider the extent to which Malaysia's productive capacity is likely to change with its projected change in total population.** • Correctly labelled axes (both must be goods. For example, capital goods and consumer goods) (1) • PPC diagram that touches both axes. Either straight line or concave. (1) • An outwards shift of the PPC–this must touch both axes and show an increased productive potential of both goods (1). **For valid evaluation** • The size of the outwards shift may depend on the extent to which Malaysia improves productivity (e.g. through technology or retraining older workers) (1). • If the retirement age does not change then a larger proportion of the labour force will retire which may limit or reverse the outward shift in the PPC. (1) • Other relevant comments that focus on the extent to which Malaysia's PPC will shift outwards or otherwise.

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**.

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**.

Multiple Choice Answers

Q22: C

Q23: D

Multiple Choice Answers

Q12: A

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)**

Multiple Choice Answers

Q23: B

Q24: A