Question 12 (Answer: **D**)

- A subsidy to producers lowers their costs, so supply shifts to the *right*.
- The equilibrium price falls and the equilibrium quantity rises.
- The demand curve does not move at all – the subsidy goes to the producer.

Question 12 (Answer: **D**)

- A unit tax raises producers' costs, so the supply curve shifts up and to the left.
- The new equilibrium has a higher price and a lower quantity.
- For a demerit good that is the point: consumption falls towards the socially optimal level.

Question 13 (Answer: **C**)

- The tax shifts supply left, so the price of sugary drinks rises and the quantity bought falls.
- Consumers switch towards untaxed substitutes, so demand for those rises.
- So the sugary drinks get dearer and less consumed, while sugar-free alternatives sell more.

Question 8 (Answer: **D**)

- Broken rice is an inferior good, so demand *rises* when income falls.
- So a fall in incomes shifts the demand curve to the right.
- Price and quantity both rise, which is the opposite of what happens for a normal good.

Question 8 (Answer: **C**)

- Fruit is mainly imported, so a change in the exchange rate shifts the *supply* curve.
- It has a positive income elasticity, so a change in incomes shifts the *demand* curve.
- So decide first which side of the market the change acts on.

2	• Knowledge and understanding of some relevant economic concepts is included, using explanations and examples that are limited, over-generalised or contain inaccuracies. • The response addresses the general theme of the question and the relevant economic issues, with limited development. • Analysis is generally accurate with some development but little detail. Uses analytical tools such as diagrams and formulae where necessary. Use of these tools is partially accurate or not fully explained. • Responses are generally logical and coherent but are sometimes lacking in focus or organisation.	
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.	

2	• Provides a justified conclusion or judgement that addresses the specific requirements of the question. • Makes developed, reasoned and well-supported evaluative comment(s).	
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.	

Question	Answer
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**.

Question	Answer
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**.

2(a)	**In 2022 the supply of root ginger from Nigeria, Africa's largest producer, fell by 20%. Market demand was expected to grow by more than 5%.** **With the help of a demand and supply diagram, explain how the market equilibrium for root ginger in Nigeria is likely to change and consider how certain you are of the new market price.** Follow the point-based marking guidance at the top of this mark scheme and award: up to 3 marks for AO1 Knowledge and understanding up to 3 marks for AO2 Analysis up to 2 marks for AO3 Evaluation. **AO1 Knowledge and Understanding (max 3 marks)** An accurate definition of equilibrium. A fully labelled, accurate diagram showing understanding that the decrease in supply will shift the supply curve to the left (1) and the increase in demand will shift the demand curve to the right (1). This can be shown on 2 separate diagrams. **AO2 Analysis (max 3 marks)** Analysis of how the decrease in supply is likely to increase the price of root ginger; an analysis of how the increase in demand is likely to increase the price of root ginger. Up to 2 marks for each reason explained. **Maximum of 3 marks overall.** **AO3 Evaluation (max 2 marks)** An assessment of the significance that the overall impact on the equilibrium will depend on the relative size of both shifts and/or the relevance of the PED and PES.
	AO1 Knowledge and understanding
	AO2 Analysis
	AO3 Evaluation

2(b)	**Assess the ways in which producers of root ginger might be able to stabilise their incomes.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** • An analysis of the at least 2 ways in which producers or root ginger might be able to stabilise their income. For example, using their land for other purposes, diversifying or benefitting from government interventions. These interventions may include: **Subsidies** • Provision of financial support to help producers cover costs and maintain stable incomes. • Encourage production by making ginger farming more profitable. • Can be expensive for the government to maintain long-term. • May encourage overproduction, leading to wasted resources or falling market prices. **Minimum Price** • Guarantees a minimum income for producers, stabilizing their earnings. • Encourages consistent production levels. • May lead to surpluses if minimum price is above equilibrium. • Government may need to buy excess ginger, increasing costs. **Buffer Stock Systems** • Helps smooth out price fluctuations by buying surplus and releasing stock during shortages. • Provides income stability for producers during periods of low demand. • Requires significant storage and management costs. • Risk of losses if stored ginger spoils or market conditions change. **Guidance**: The assessment of both perspectives **must be in the context of stabilising the income of root ginger producers and not a general explanation of a range of policies**. A response that fails to do this is unlikely to achieve above a mid-Level 2 mark. **Level 1 responses** will be assertive and lacking in explanations / mainly descriptive and/or or mainly lacking in relevance to the question. **Level 2 responses** may contain some inaccuracies and may be one sided. Analysis will be explained at least in part and will be largely relevant to the question.

Question 9 (Answer: **B**)

- A supply curve shifting right means more supplied at every price.
- Costs of production falling, a subsidy, or better technology all do that.
- A change in the price of the product itself moves you *along* the curve – it does not shift it.

Question 6 (Answer: **C**)

- The demand curve shifts when something other than the good's own price changes.
- Income, tastes, population, or the price of a substitute or complement will all do it.
- A change in the car's own price moves you along the curve instead.

Question 10 (Answer: **B**)

- Falling demand pushes both price and quantity down.
- Falling production costs shift supply right, pushing price down but quantity up.
- So price falls for certain, while quantity is pulled in two directions and is indeterminate.