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EDEXCEL INTERNATIONAL GCSE ECONOMICS: QUESTIONS BY TOPIC

The mixed economy (1.1.5)

International GCSE Economics · Paper 1: Microeconomics and Business Economics

34 questions · 142 marks · Mark schemes included
Past papers June 2019 - June 2025 · 3 specification sub-topics

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 Piccadilly Business Centre, Unit C, Aldow Enterprise Park
Blackett Street, Manchester, M12 6AE

HOW TO USE THIS BOOKLET

Questions are grouped by specification sub-topic and run from the lowest to the highest mark tariff, then oldest paper first.

Click any row below to jump straight to that sub-topic or question.

On every question page, click ANSWER in the top-right corner to jump to its mark scheme; < QUESTION brings you back.

Whenever a question refers to an extract, figure or table, those exact pages are printed immediately before it ("extracts & data").

A gold bar in the left margin marks exactly where the question sits on the original page.

Diagrams, graphs, tables and data are printed exactly as they appear in the original papers.

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QUESTIONS

34 questions · 142 marks · 3 sub-topics

SUB-TOPIC 1.1.5 (a-d, h-i)

THE MIXED ECONOMY, PUBLIC AND PRIVATE SECTORS

Sub-topic 1.1.5 (a-d, h-i) · 13 questions · 53 marks · lowest tariff first



2 (a) Which **one** of the following might be an aim of a firm in the private sector?

(1)

- ☐ A Maximise costs
- ☐ B Reduce interest rates
- ☐ C Maximise profits
- ☐ D Reduce economies of scale

Cyprus has a mixed economy.

(b) Which **one** of the following is most likely to be provided by the public sector in Cyprus?

(1)

- ☐ A Cars
- ☐ B Roads
- ☐ C Driving lessons
- ☐ D Petrol

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(1)

- ☐ A Cars
- ☐ B Roads
- ☐ C Driving lessons
- ☐ D Petrol



(d) State **one** example of an occupation in the tertiary sector of the economy.

(1)

(e) Define the term government.

(1)

(f) Calculate the income **elasticity of demand (YED)** for a good if income increases by 5% and quantity demanded increases by 12%. You are advised to show your working.

(2)



(d) State **one** factor of production.

(1)

(e) Define the term public sector.

(1)

Yusef paints portraits of tourists who visit his home town. He recently reduced the price he charges by 2.5% and quantity demanded increased by 3.2%.

(f) Calculate, to two decimal places, the **price elasticity of demand (PED)** for Yusef's portraits. You are advised to show your working.

(2)



1 (e) Define the term government.

(1)

(f) Calculate, to two decimal places, the **income elasticity of demand (YED)** for a good if income increases by 6.2% and quantity demanded increases by 1.7%.
You are advised to show your working.

(2)



Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☐. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☐.

- 1 (a) Which **one** of the following values shows perfect price inelasticity of demand?

(1)

- ☐ A -1.5
☐ B -1
☐ C 0
☐ D 0.5

- (b) A firm has total costs of \$500 and sells each item at a price of \$50. It sells 100 items. What is the **profit or loss** for the firm?

(1)

- ☐ A \$45 000 profit
☐ B \$4 500 profit
☐ C \$20 000 loss
☐ D \$450 loss

- (c) What is meant by the term mixed economy?

(2)

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Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

- 1** (a) Which **one** of the following values shows perfectly price elastic demand?

(1)

- ☐ **A** -1
- ☐ **B** -0.5
- ☐ **C** Zero
- ☐ **D** Infinity

- (b) A country has a minimum wage of €6.04 per hour. If a worker provides 35 hours of labour in a week, the lowest weekly wage the worker can earn is

(1)

- ☐ **A** €6.04
- ☐ **B** €205.36
- ☐ **C** €211.40
- ☐ **D** €422.80

- (c) What is meant by the term mixed economy?

(2)

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- (d) State **one** example of an occupation that is in the tertiary sector of an economy.

(1)

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Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ~~☒~~ and then mark your new answer with a cross ☒.

- 1** (a) Which **one** of the following values shows perfectly price inelastic supply?

(1)

- ☐ **A** 0
- ☐ **B** 0.5
- ☐ **C** 1
- ☐ **D** 2

- (b) As a result of government policy, a firm had a decrease in its total costs of \$200 each month. Which **one** of the following is the most likely type of government policy to produce this decrease in costs?

(1)

- ☐ **A** Fine
- ☐ **B** Regulation
- ☐ **C** Increased subsidy
- ☐ **D** Increased taxation

- (c) What is meant by the term private sector?

(2)

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- (d) State **one** factor that may affect the supply of labour.

(1)

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- 4 A concert venue in Malaysia holds a maximum of 3,200 people for each performance. The quantity of tickets demanded for the most recent concerts is shown in Figure 5.

Concert	Quantity of tickets demanded
A	4,200
B	6,000
C	3,250

Figure 5

- (a) Calculate the **excess demand** for tickets if the quantity supplied for all three concerts totals 9,600. You are advised to show your working.

(2)

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(6)



Instagram, WhatsApp and Facebook Messenger are social network messaging services, taken over and owned by Facebook. Between them, they have more than 2.6 billion users. Although they currently operate as stand-alone apps, Facebook's chief executive, Mark Zuckerberg, has now taken greater control of all three. He has plans to combine the services, allowing messages to be sent between the different apps.

Both Instagram and WhatsApp have grown considerably since the takeover but their original founders have left due to the increased control from Facebook. Some employees are unhappy and do not understand the planned changes to the services. However, Zuckerberg thinks there will be long-term benefits including reduced costs. He says that less software will be needed once the system is in place and consumers will be less likely to use competitors' apps.

(Source adapted from: <https://www.nytimes.com/2019/01/25/technology/facebook-instagram-whatsapp-messenger.html>)

- (c) With reference to the data above and your knowledge of economics, evaluate whether Zuckerberg's decision to combine all three services is likely to lead to economies of scale.

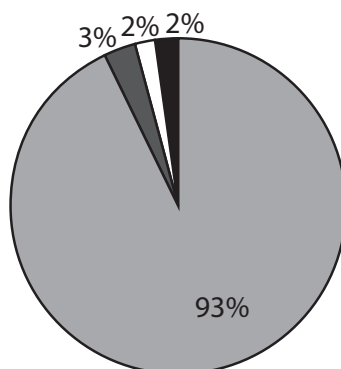
(12)



2

Market share by firm for a market in Azerbaijan

☐ Firm 1
 ☐ Firm 2
 ☐ Firm 3
 ☐ Firm 4

**Figure 3**

- (a) Which **one** of the following options is the most suitable term for the type of market shown in Figure 3?

(1)

- ☐ **A** Cartel
☐ **B** Oligopoly
☐ **C** Monopoly
☐ **D** Competitive

- (b) Which **one** of the following is a reason why consumers may not maximise their benefit?

(1)

- ☐ **A** Consumers may accurately calculate the satisfaction they gain
☐ **B** Consumers may have habits that are hard to give up
☐ **C** Consumers are always rational when making decisions
☐ **D** Consumers never copy the behaviour of others



(c) State the formula for price elasticity of supply (PES).

(1)

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Figure 4 shows some of the production costs in the month of May for a firm manufacturing football souvenirs in Qatar, in preparation for the 2022 World Cup.

Production costs	Qatari Riyal (QR)
Rent	5 000
Raw materials	2 000
Advertising	500
Labour (paid according to output)	15 000

Figure 4

(d) Calculate the **total variable costs** for the firm in the month of May. You are advised to show your working.

(2)

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(e) Define the term takeover.

(1)

(f) Describe **one** reason why demand for a product usually becomes more price elastic over time.

(2)

In the UK, the speed limit for drivers in urban areas is 30 miles per hour (48 kilometres per hour).

(g) Explain **one** reason why the UK Government may use fines to reduce the negative externalities caused by drivers speeding in urban areas.

(3)



Some countries, such as Cuba, rely mostly on public sector ownership to provide goods and services. Others, such as Japan rely more on private sector ownership. In Japan, health, education and street lighting are often provided by public sector ownership but Japan also produces a high quantity of electronic goods used for entertainment.

- (h) With reference to the data above and your knowledge of economics, assess how effective public sector ownership and private sector ownership are likely to be in solving the economic problem.

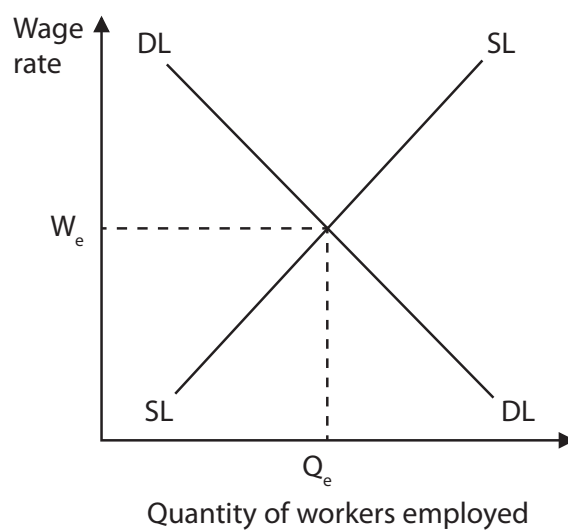
(9)



(Total for Question 2 = 20 marks)

- (c) Using the diagram below, draw the effects of an increase in the retirement age on the labour market in a country. Label the new curve, the new equilibrium wage rate and the new equilibrium quantity of workers employed.

(3)

**Figure 5**

(Total for Question 3 = 20 marks)

Figure 2 shows the supply of rice in a region during 2021.

Supply of rice in 2021

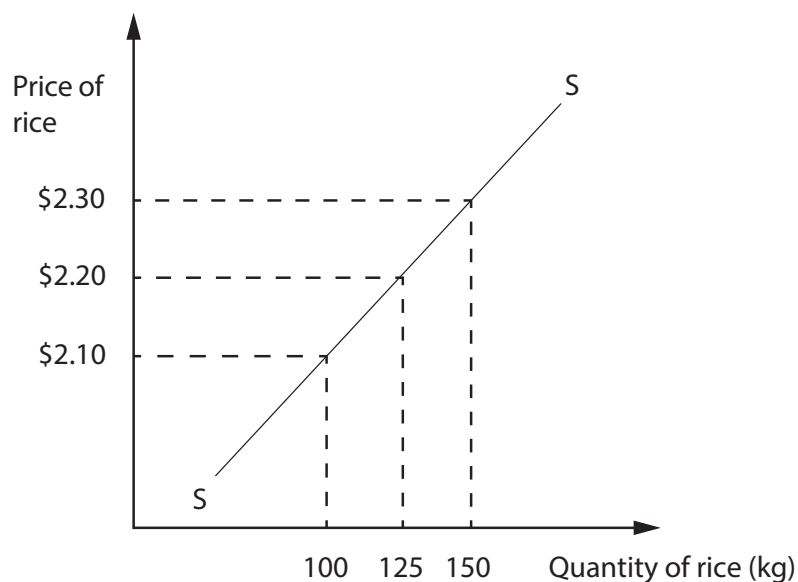


Figure 2

The equilibrium price of rice is \$2.20 per kg.

(g) Explain **one** effect on the supply of rice following a change in its equilibrium price.

(3)

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(9)

[illegible]

(Total for Question 2 = 20 marks)

3 (a) Which **one** of the following could cause a shift in the demand curve for a product?

(1)

- ☐ A Costs of production
- ☐ B Quantity of the product available
- ☐ C Price of substitute goods
- ☐ D Subsidies

(b) Which **one** of the following is an example of an external cost?

(1)

- ☐ A Litter
- ☐ B Rent
- ☐ C Indirect tax
- ☐ D Vaccinations

(c) On the blank pie chart below, draw and label the appropriate sizes of the primary (P), secondary (S) and tertiary (T) sectors for a developing country such as Nepal.

(3)

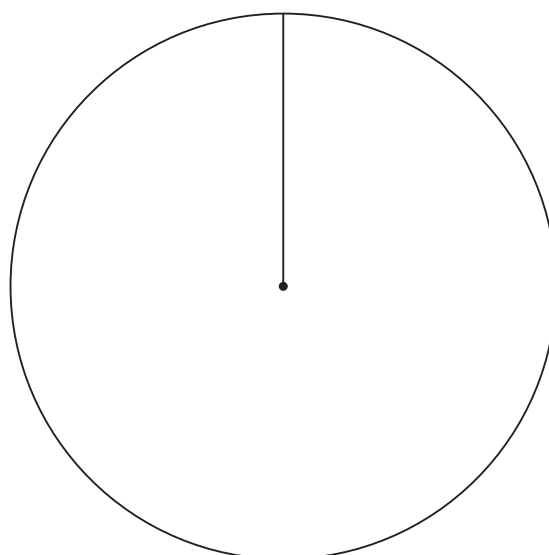


Figure 4

Figure 5 shows the excess demand for tickets at an event in Stockholm, Sweden, when the price of a ticket is 1 500 krona.

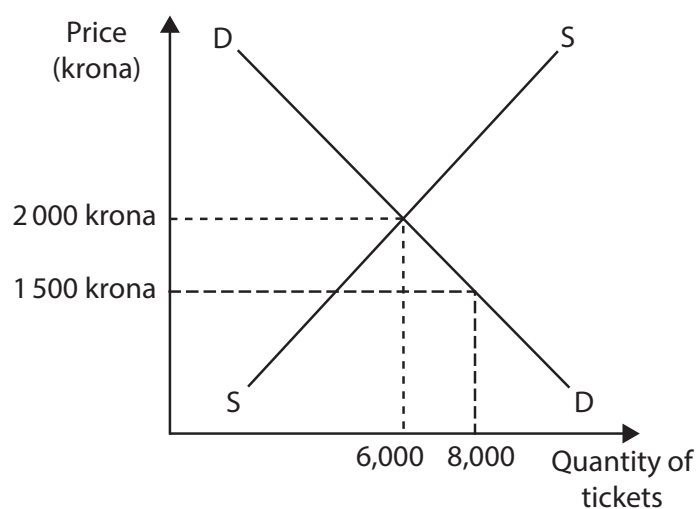


Figure 5

- (d) With reference to the data above and your knowledge of economics, analyse how market forces should remove excess demand.

(6)



(9)



(Total for Question 3 = 20 marks)



SUB-TOPIC 1.1.5 (e-g)

MARKET FAILURE AND PUBLIC GOODS

Sub-topic 1.1.5 (e-g) · 10 questions · 37 marks · lowest tariff first



France is a developed country.

- (c) On the blank pie chart below, draw and label the approximate sizes of the primary (P), secondary (S) and tertiary (T) sectors for a developed country such as France.

(3)

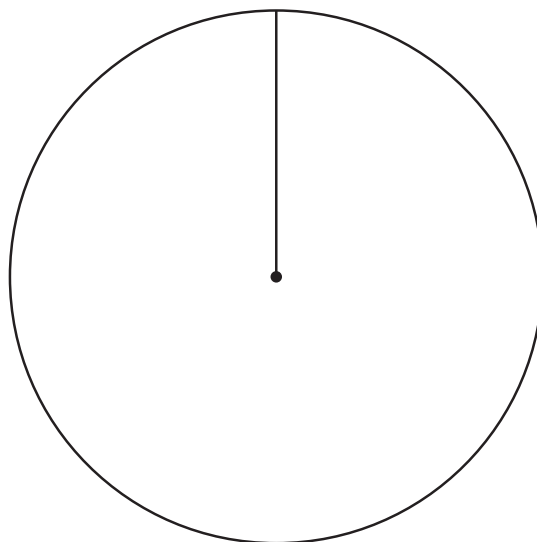


Figure 2

- (d) Define the term free rider.

(1)

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- (e) Describe **one** reason why congestion is an example of an external cost.

(2)

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2 (a) Which **one** of the following products has a price inelastic demand?

(1)

	Product	Price elasticity of demand (PED)
☐ A	W	-1.5
☐ B	X	-1
☐ C	Y	-0.5
☐ D	Z	1

(b) Which **one** of the following is the formula for calculating average cost?

(1)

- ☐ A $\frac{\text{Total fixed cost}}{\text{Quantity produced}}$
- ☐ B $\frac{\text{Total revenue}}{\text{Quantity produced}}$
- ☐ C $\frac{\text{Total cost}}{\text{Quantity produced}}$
- ☐ D $\frac{\text{Total variable cost}}{\text{Quantity produced}}$

(c) State **one** reason why governments intervene in the economy.

(1)

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Figure 2 shows selected financial data of a firm selling shoes.

	Cost/Revenue per pair of shoes (\$)
Selling price	89
Raw materials	17
Labour	35

Figure 2

- (d) Calculate the **profit or loss** for the firm for each pair of shoes. You are advised to show your working.

(2)

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Governments can use fines to deal with externalities.

- (e) Define the term fine.

(1)

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3 (a) Which **one** of the following is likely to lead to an inefficient allocation of resources? (1)

- ☐ A Migration
- ☐ B Competition
- ☐ C Lack of information
- ☐ D Division of labour

(b) Which **one** of the following is an example of an occupation in the tertiary sector? (1)

- ☐ A Sheep farmer
- ☐ B Factory worker
- ☐ C Coal miner
- ☐ D Sales assistant

(c) Using the diagram below, draw the effects of a minimum wage (W_1) that has been set above the equilibrium wage (W_e). Label the new quantity of labour demanded and the new quantity of labour supplied. (3)

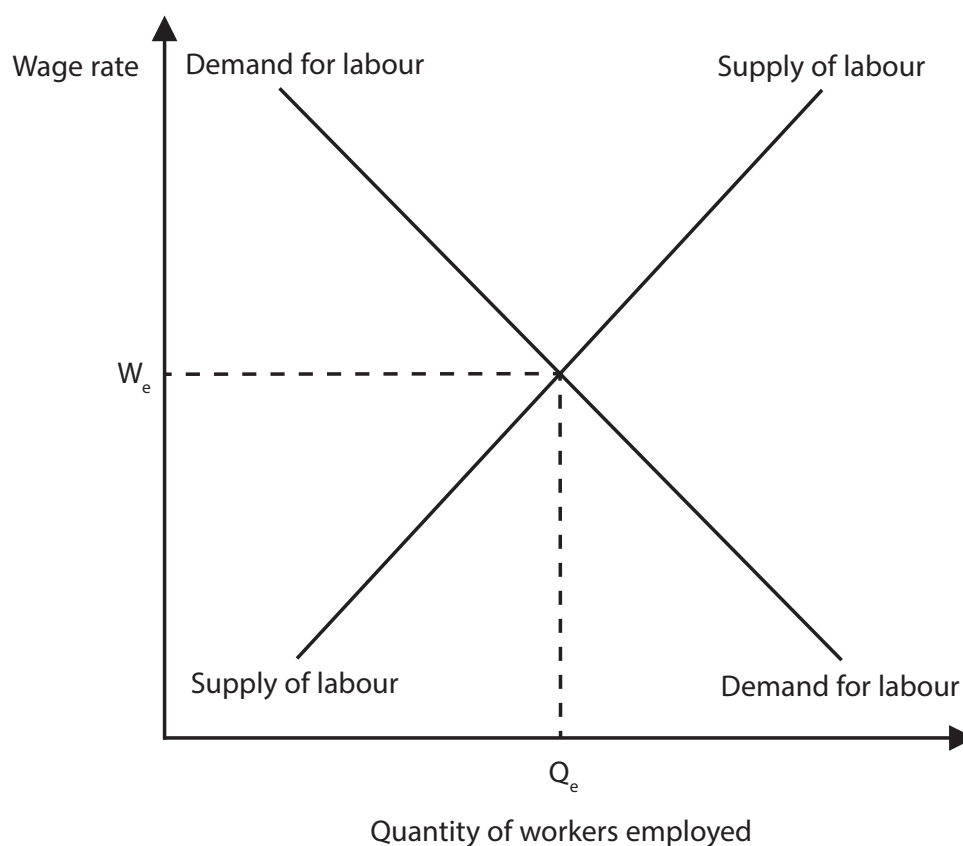


Figure 3

3 (a) A free rider can be defined as an individual who does which **one** of the following? (1)

- ☐ A Enjoys the benefit of a good after paying for it
- ☐ B Enjoys the benefit of a good but does not pay for it
- ☐ C Gives a good away after paying for it
- ☐ D Neither uses a good nor pays for it

(b) Which **one** of the following is an example of an occupation in the tertiary sector? (1)

- ☐ A House builder
- ☐ B Cattle farmer
- ☐ C Hotel receptionist
- ☐ D Forestry worker

(c) Using the diagram below, draw the effect of a minimum wage (W_1) that has been set above the equilibrium wage (W_e). Label the new quantity of labour demanded and the new quantity of labour supplied. (3)

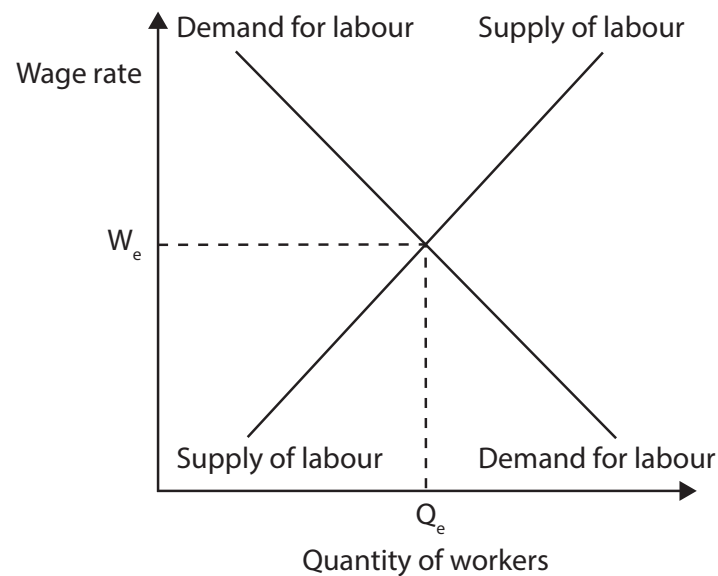


Figure 3



The Irish Artisan Charcoal Company (IACC) is the only firm producing charcoal in Ireland. Damaged trees which would otherwise have been left to rot are used to produce top quality charcoal.

(Source adapted from: <https://www.limerickleader.ie/video/home/348948/watch-irish-artisan-charcoal-company-in-limerick-blazing-a-trail-with-unique-product.html>)

- (f) Describe the type of market structure in which the Irish Artisan Charcoal Company operates.

(2)

Street lighting is considered to be a public good.

- (g) Explain **one** reason why this may cause a free rider problem.

(3)



Wonderful Wax is a small, UK-based firm that produces candles. The candles are environmentally friendly because they are handmade with soy wax and pure essential oils. This is instead of harmful paraffin wax which produces toxins when burned. Elissa Newham set up the business because she wanted to help the environment. She was surprised when a larger firm made contact, offering its facilities to increase production if Elissa was prepared to share the profits.

- (h) With reference to the data above and your knowledge of economics, assess whether Wonderful Wax would have more benefits from remaining a small firm rather than becoming a large firm.

(9)

[illegible]

- 4 A restaurant in Cyprus can seat 136 diners each evening. The demand for seats from diners over three evenings is shown in Figure 5.

Evening	Quantity of seats demanded
Thursday	98
Friday	114
Saturday	107

Figure 5

- (a) Calculate the **excess supply** of seats if the quantity supplied during these three evenings totalled 408. You are advised to show your working.

(2)

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(6)



3 (a) Which **one** of the following could be described as an economic need?

(1)

- ☐ A Haircut
- ☐ B Holiday
- ☐ C Shelter
- ☐ D Smartphone

(b) Which **one** of the following is an example of an external benefit?

(1)

- ☐ A Education
- ☐ B Air pollution
- ☐ C Overcrowding
- ☐ D Resource depletion

(c) Draw a supply curve on the diagram below that has price elastic supply (PES).
Label the impact of a price change from P_1 to P_2 and its impact on quantity from Q_1 to Q_2 .

(3)



Figure 3

Every year in the UK, heavy rainfall is a cause of severe flooding in some areas. Calderdale in Yorkshire has been badly affected for a number of years. Increased water levels from the River Calder caused damage to residential properties, business premises and roads. The UK Government provided a £32m flood defence scheme to try to reduce the problem.

(Source adapted from: <https://www.halifaxcourier.co.uk/news/politics/ps44m-to-be-spent-on-flood-defences-in-hebden-bridge-3327606>)

- (d) With reference to the data above and your knowledge of economics, analyse why the UK Government might provide flood defences.

(6)

[illegible]



In 2021, Morrisons, a leading UK-based supermarket chain, became the first in the retail industry to pay workers at least £10 per hour. This increased its hourly wage rate from £9.20 to at least £10 per hour for its 110,000 workers. This increase was a result of negotiations with the trade union, Usdaw. The majority of Morrisons' workers are trade union members.

(Source adapted from: <https://www.hrmagazine.co.uk/content/news/morrisons-is-the-first-uk-supermarket-to-pay-minimum-10-an-hour>)

(e) With reference to the data above and your knowledge of economics, assess the impact of trade union activity on Morrisons and its employees.

(9)

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

4 A sports arena in Guatemala holds a maximum of 20,000 people for each event. The quantity of tickets demanded for the most recent events is shown below.

Event	Quantity of tickets demanded
A	22,200
B	21,000
C	20,250

Figure 5

(a) Calculate the **excess demand** for tickets if the quantity supplied for all three events totals 60,000. You are advised to show your working.

(2)

(b) With reference to the data above and your knowledge of economics, analyse why the free rider problem has led to the Zambian Government providing the defence force.





Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☐. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☐.

- 1** (a) A trade union is an organisation that aims to improve

(1)

- ☐ **A** profit margins
- ☐ **B** tax revenue
- ☐ **C** the environment
- ☐ **D** working conditions

- (b) Figure 1 below shows a change in demand for tickets to a sporting event.

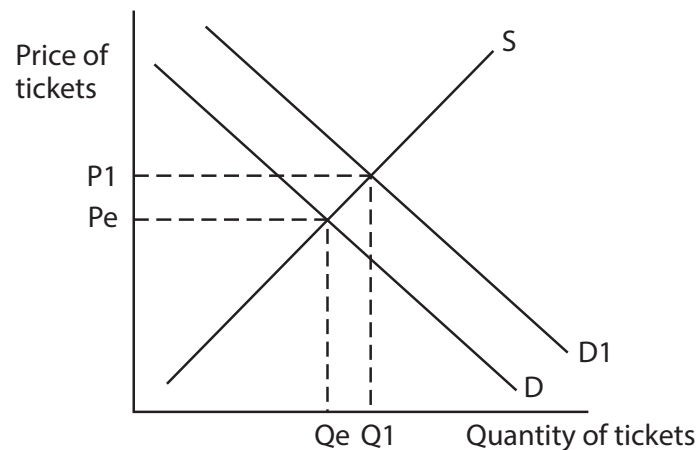


Figure 1

Which **one** of the following statements is true?

(1)

- ☐ **A** When the price falls, the quantity demanded falls
- ☐ **B** The demand curve slopes upwards from left to right
- ☐ **C** An increase in demand is shown by a shift to the right
- ☐ **D** A decrease in demand is shown by a shift to the right

A firm increases supply by 4.3% following a price increase of 3.7%.

- (f) Calculate, to two decimal places, the **price elasticity of supply (PES)** for the firm. You are advised to show your working.

(2)

Figure 2 shows the market for electric cars.

- (g) Using the diagram below, draw the likely effects on the market for electric cars following the introduction of a subsidy on electric cars. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

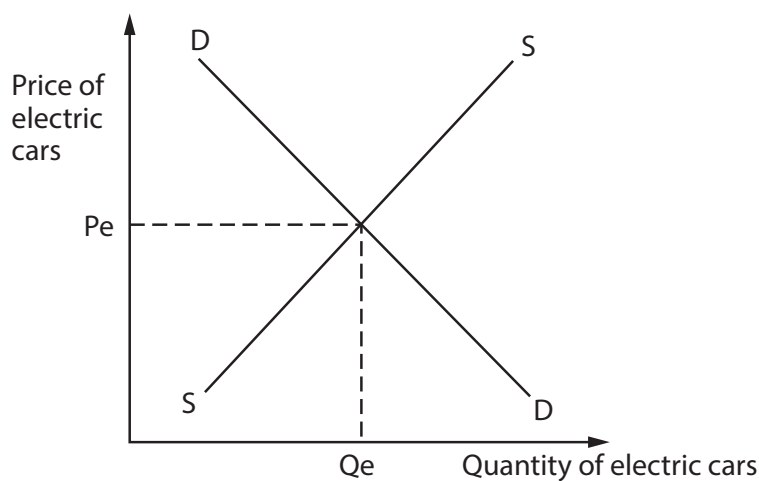


Figure 2

The Tallinn Song Festival Grounds (TSFG) is a popular live music venue in Estonia and can hold 65,000 people. Although it is very popular there are only a few firms selling food and drink at the TSFG venue.

The lack of competition at the TSFG venue means that service is slow and queues are long. Food and drink prices are expensive and security checks mean that no food and drink can be brought in from outside the TSFG venue.

- (i) With reference to the data above and your knowledge of economics, analyse how market failure is likely to occur at the TSFG venue.

(6)

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(Total for Question 1 = 20 marks)



4 A factory has been unable to meet the demand for its product due to a shortage of raw materials. The quantity demanded for the product during each of the first three months of 2024 is shown in Figure 5.

Month	Quantity of products demanded
January	13,600
February	14,200
March	11,700

Figure 5

(a) Calculate the **excess demand** for the product for the first three months of 2024, if the quantity supplied during each month was 11,000 (33,000 in total). You are advised to show your working.

(2)



Hiking is a popular activity for visitors to the Caribbean island of Saint Vincent. Tourists can hire a guide to accompany them on the popular route of La Soufrière Volcano by booking online before arriving on the island and the price is \$34. However, the price is only \$20 if the guide is booked directly on arrival. Some tourists have complained because they did not know this was possible.

- (b) With reference to the data above and your knowledge of economics, analyse a possible reason why the market for tourism services is an inefficient allocation of resources.

(6)





Twitter, one of the most popular social media platforms, was bought for \$44bn by entrepreneur Elon Musk in 2022.

The aims of Elon Musk include the creation of an 'everything app' – a platform that includes messaging, payments, ridesharing, food delivery and more. To support this, Elon Musk introduced major changes to Twitter, including renaming it 'X'.

The number of X users increased to a new high of 530 million by 2023, following an increase in publicity about the change of name. This meant X did not need to pay high advertising costs to promote the platform.

Advanced technology will be introduced by X to enable users to operate multiple functions on the new platform. This research and development is likely to lead to a significant cost for the firm.

The platform has experienced a decrease of 65% in advertising revenue. Thousands of workers have already lost their jobs, including those in managerial roles.

(c) With reference to the data above and your knowledge of economics, evaluate whether X is likely to benefit from economies of scale.

(12)

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

SUB-TOPIC 1.1.5 (j-k)

PRIVATISATION

Sub-topic 1.1.5 (j-k) · 11 questions · 52 marks · lowest tariff first



3 (a) Which **one** of the following is defined as 'the selling of an enterprise controlled by the government to the private sector'?

(1)

- ☐ A Reclamation
- ☐ B Innovation
- ☐ C Nationalisation
- ☐ D Privatisation

(b) Which **one** of the following is an example of an occupation in the primary sector?

(1)

- ☐ A Teacher
- ☐ B Farmer
- ☐ C Electrician
- ☐ D Actor

(c) On the diagram below, draw the effects of an increase in the school-leaving age on the labour market in a country. Label the new curve, the new equilibrium wage rate and the new equilibrium quantity of workers employed.

(3)

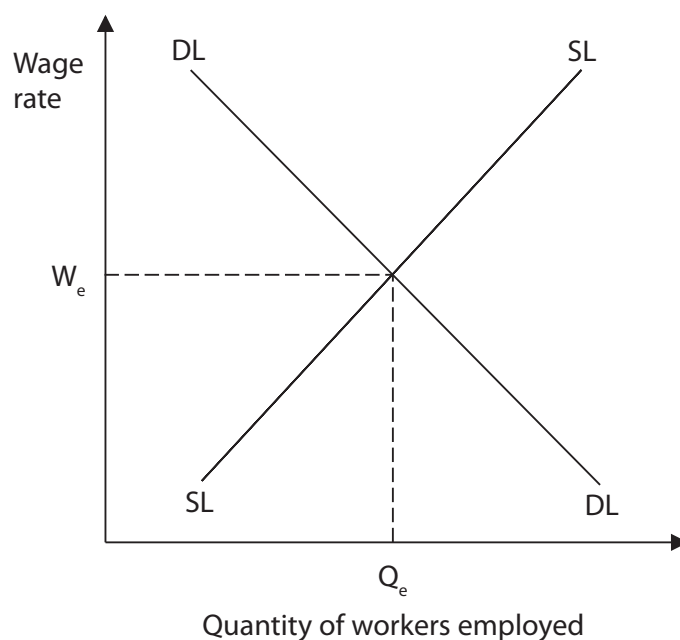


Figure 3

1 (f) Describe **one** benefit to consumers of privatisation.

(2)

Microsoft has a patent on a number of its technological designs.

(g) Explain **one** reason why Microsoft might have patents on its designs.

(3)



Answer ALL questions. Write your answers in the spaces provided.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

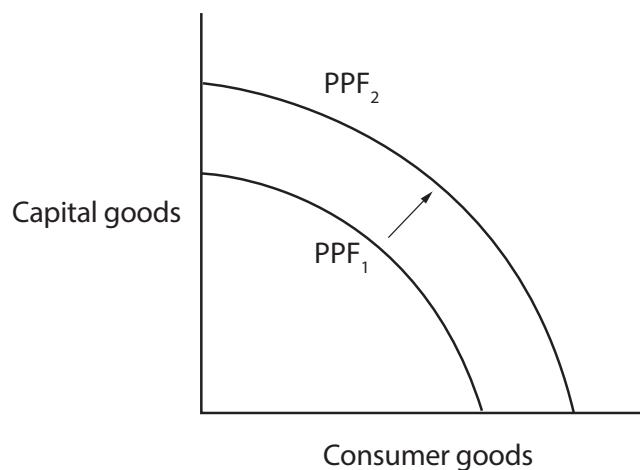


Figure 1

- 1 (a) Which **one** of the following might have caused the movement from PPF_1 to PPF_2 in Figure 1 above? (1)
- ☐ A Negative economic growth
 - ☐ B Positive economic growth
 - ☐ C Diseconomies of scale
 - ☐ D Economies of scale
- (b) A firm has total costs of \$10 000 and sells each item at a price of \$100. It sells 200 items. What is the **profit or loss** for the firm? (1)
- ☐ A \$20 000 profit
 - ☐ B \$10 000 profit
 - ☐ C \$20 000 loss
 - ☐ D \$10 000 loss

1 (c) What is meant by the term privatisation?

(2)

(d) State **one** reason why the government regulates competition in the economy.

(1)

(e) Define the term congestion.

(1)



1

(e) Describe **one** advantage to a firm of being privatised.

(2)

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Many cities in the US have increased the number of traffic-light cameras in order to catch motorists if they drive through a red (stop) light.

(f) Explain **one** reason why the US Government may use fines to reduce the negative externalities caused by motorists who drive through a red traffic light.

(3)

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- (g) Using the diagram below, draw the likely effect on the market for luxury holidays after a fall in income. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

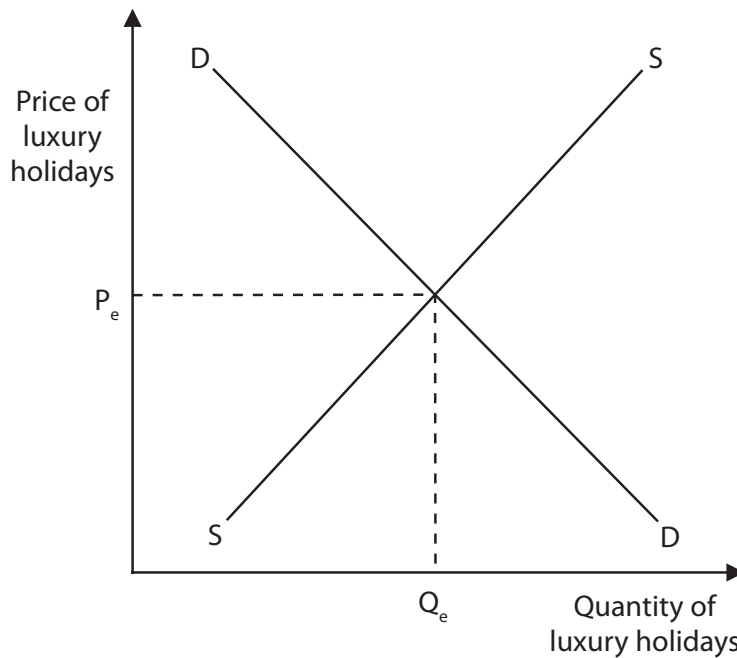


Figure 1

Government-owned Angola Telecom is to be privatised in an attempt to make the industry more efficient.

- (h) Explain **one** possible disadvantage of privatisation for workers in the telecoms industry in Angola.

(3)

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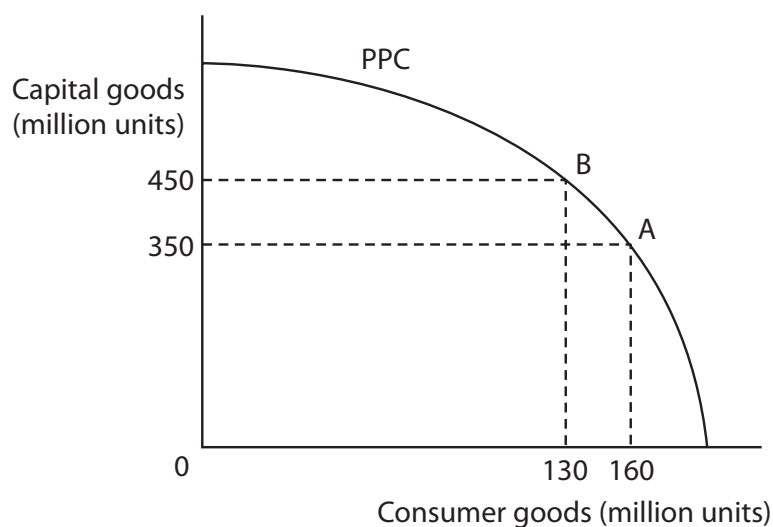
**Figure 2**

Figure 2 shows the production possibility curve (PPC) for an economy.

- (i) With reference to the data above and your knowledge of economics, analyse the impact on the economy after a movement from A to B on the production possibility curve (PPC).

(6)

A firm increases supply by 4.3% following a price increase of 3.7%.

- (f) Calculate, to two decimal places, the **price elasticity of supply (PES)** for the firm.
You are advised to show your working.

(2)

Figure 2 shows the market for electric cars.

- (g) Using the diagram below, draw the likely effects on the market for electric cars following the introduction of a subsidy on electric cars. Label the new curve, the new equilibrium price and the new equilibrium quantity.

(3)

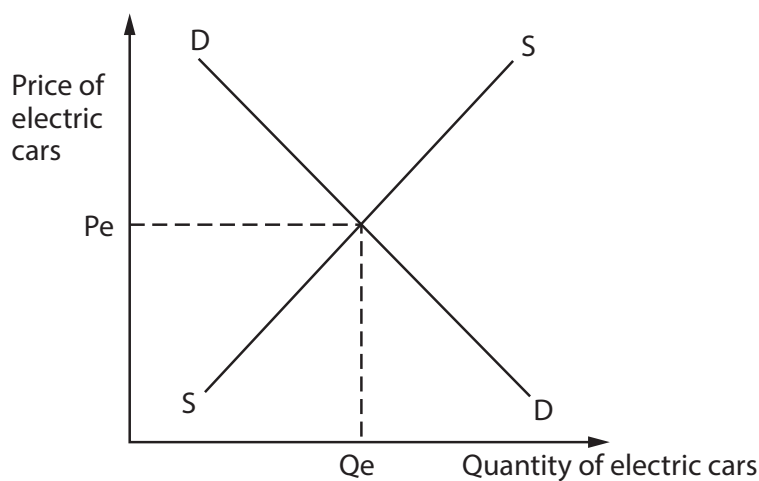


Figure 2

1

The Brazilian Government announced plans to privatise one of its state-owned food companies.

(h) Explain **one** possible advantage of privatisation for consumers in Brazil.

(3)

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The Tallinn Song Festival Grounds (TSFG) is a popular live music venue in Estonia and can hold 65,000 people. Although it is very popular there are only a few firms selling food and drink at the TSFG venue.

The lack of competition at the TSFG venue means that service is slow and queues are long. Food and drink prices are expensive and security checks mean that no food and drink can be brought in from outside the TSFG venue.

- (i) With reference to the data above and your knowledge of economics, analyse how market failure is likely to occur at the TSFG venue.

(6)

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

In 2023, the President of Argentina announced plans to privatise the state-owned broadcaster, Radio Nacional.

(f) Explain **one** possible disadvantage of this privatisation for other broadcasters in Argentina.

(3)

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- 3 (a) Which **one** of the following is most likely to cause an increase in the supply of labour?

(1)

- ☐ A A higher retirement age
- ☐ B A higher school-leaving age
- ☐ C A fall in population
- ☐ D A fall in demand for the final product

- (b) Average costs can be calculated by which **one** of the following equations?

(1)

- ☐ A $\frac{\text{Total revenue}}{\text{Total costs}}$
- ☐ B $\frac{\text{Total revenue}}{\text{Price}}$
- ☐ C $\frac{\text{Output}}{\text{Total fixed costs}}$
- ☐ D $\frac{\text{Total costs}}{\text{Output}}$

- (c) Draw a demand curve on the diagram below that has price elastic demand (PED). Label the impact of a price change from P_1 to P_2 and its impact on quantity from Q_1 to Q_2 .

(3)

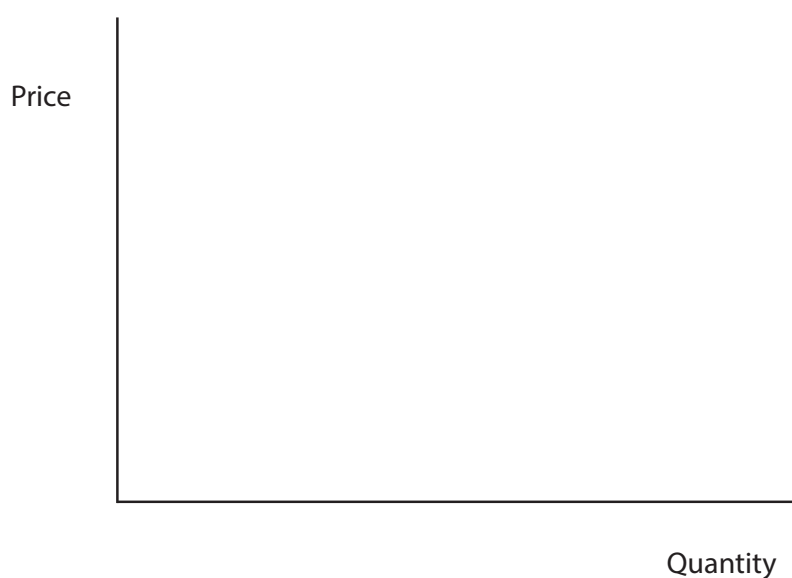


Figure 2



During the last six years, the government budget of Slovenia has raised almost €1bn in revenue from the privatisation of public sector assets. Most recently was the sale of 65% of the government shares in NLB Bank. The money raised from the sales was mostly transferred to the government budget and used for various purposes. These included the repayment of public sector debt and the long-term stability of the Slovenian pension system.

(Source adapted from: <https://www.total-slovenia-news.com/business/2564-privatisation-in-slovenia-has-raised-almost-1bn-since-2012>)

(d) With reference to the data above and your knowledge of economics, analyse the possible benefits of privatisation for the Slovenian Government.

(6)

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- 3 (a) Which **one** of the following is an example of a job in the primary sector of the economy?

(1)

- ☐ **A** Farmer
- ☐ **B** Mechanic
- ☐ **C** Shop assistant
- ☐ **D** Teacher

- (b) Total revenue can be defined as the quantity of goods sold

(1)

- ☐ **A** added to the price
- ☐ **B** subtracted from the price
- ☐ **C** multiplied by the price
- ☐ **D** divided by the price

- (c) Using the diagram below, draw a diagram to show a demand curve that has price inelastic demand. Label the curve and show the impact on both axes from a change in price.

(3)

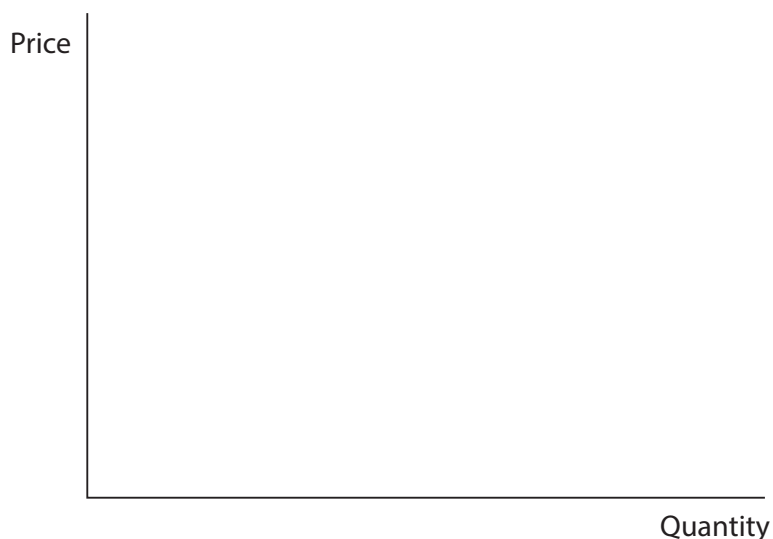


Figure 2

(6)



[illegible]

4 Figure 4 shows profit for a firm between 2017 and 2019.

Year	Profit (\$)
2017	80 750
2018	83 550
2019	87 100

Figure 4

- (a) Calculate, to two decimal places, the **percentage change in profit** between 2017 and 2019, for the firm. You are advised to show your working.

(2)

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(Total for Question 4 = 20 marks)

TOTAL FOR PAPER = 80 MARKS



4 Figure 3 shows the daily costs of hiring a vehicle to transport goods to a customer.

Vehicle hire cost (\$ per day)	Fuel cost (\$ per km)	Distance travelled (km)	Cost of insurance (\$ per day)
90	0.25	65	20

Figure 3

- (a) Calculate the **daily total costs** of transporting the goods to the customer. You are advised to show your working. (2)

Handwriting practice area with 25 horizontal dotted lines.



TOTAL FOR PAPER = 80 MARKS

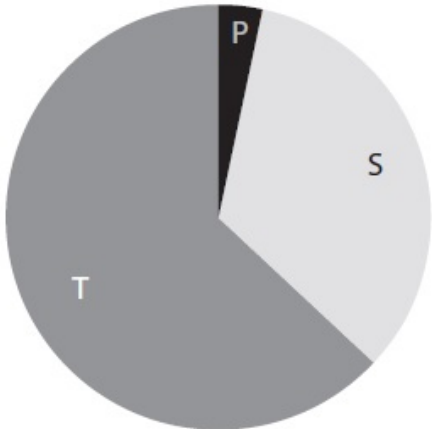
MARK SCHEMES

official mark schemes, in the same order as the questions



Question number	Answer	Mark
2(a)	AO1 1 mark C Maximise profits	(1)

Question number	Answer	Mark
2(b)	AO2 1 mark B Roads	(1)

Question number	Answer	Mark
2(c)	AO2 3 marks  Award 1 mark for the Tertiary sector (T) being the biggest (1) Award 1 mark for the Secondary sector (S) being the second biggest (1) Award 1 mark for the Primary sector (P) being the smallest (1)	(3)

Question number	Answer	Mark
1(a)	AO1 1 mark C 0	(1)

Question number	Answer	Mark
1(b)	AO2 1 mark B \$4 500 profit	(1)

Question number	Answer	Mark
1(c)	AO1 2 marks Award 1 mark for reference to both the public and private sectors and 1 mark for reference to providing goods and services The public and private sectors (1) provide goods and services between them (1) Accept any other appropriate response	(2)

Question number	Answer	Mark
1(d)	AO1 1 mark Award 1 mark for correct example Retailer/Banker/Teacher Accept any other appropriate response	(1)

Question number	Answer	Mark
1(e)	AO1 1 mark Award 1 mark for a correct definition A group with the authority to run a country or state Accept any other appropriate response	(1)



Question number	State one factor of production. Answer	Mark
1(d)	A01 1 mark Award 1 mark for correct factor • Land/labour/capital/enterprise	(1)

Question number	Define the term public sector. Answer	Mark
1(e)	A01 1 mark Award 1 mark for a correct definition Government provision of goods/services Accept any other appropriate response	(1)

Question number	Calculate, to two decimal places, the price elasticity of demand (PED) for Yusef's portraits. You are advised to show your working. Answer	Mark
1(f)	A02 2 marks Award 1 mark for showing correct calculation 3.2% / -2.5% (1) Award 1 mark for correct PED = -1.28 (1) Award 2 marks if PED is correctly calculated as -1.28, even if no calculations are shown Do not award marks for a formula	(2)

Question number	State one factor that may affect the supply of labour.	Mark
	Answer	
1(d)	AO1 1 mark Award 1 mark for correct factor • Population • Migration • Retirement age • School-leaving age • Age distribution of population • Female participation • Skills and qualifications • Ability to move geographic locations • Ability to move to different types of employment Accept any other appropriate response	(1)

Question number	Define the term government.	Mark
	Answer	
1(e)	AO1 1 mark Award 1 mark for a correct definition • A group with the authority to run a country/state Accept any other appropriate response	(1)

Question number	Calculate, to two decimal places, the income elasticity of demand (YED) for a good if income increases by 6.2% and quantity demanded increases by 1.7%. You are advised to show your working.	Mark
	Answer	
1(f)	AO2 2 marks Award 1 mark for showing correct calculation $1.7\% \div 6.2\%$ (1) Award 1 mark for correct income elasticity of demand (YED) $= 0.27$ (1) Award 2 marks if YED is correctly calculated as 0.27, even if no calculations are shown Do not award marks for the formula	(2)

Question number	Using the diagram below, draw the likely effects on the market for tennis balls after a fall in the price of tennis rackets. Label the new curve, the new equilibrium price and the new equilibrium quantity.	Mark
	Answer	
1(g)	AO2 3 marks Award 1 mark for a rightward shift of demand, labelled Award 1 mark for a higher equilibrium price, labelled Award 1 mark for a higher equilibrium quantity, labelled	(3)

Question number	Which one of the following values shows perfectly price elastic demand?	Mark
	Answer	
1(a)	AO1 1 mark The only correct answer is: D Infinity A is not correct because this is unitary elasticity B is not correct because demand is price inelastic C is not correct because this is perfectly price inelastic demand	(1)

Question number	A country has a minimum wage of €6.04 per hour. If a worker provides 35 hours of labour in a week, the lowest weekly wage the worker can earn is	Mark
	Answer	
1(b)	AO2 1 mark The only correct answer is: C €211.40 A is not correct because this is only one hour of labour B is not correct because this is less than the minimum wage for a 35-hour week D is not correct because this is not the lowest amount that can be earned	(1)

Question number	What is meant by the term mixed economy?	Mark
	Answer	
1(c)	AO1 2 marks Award up to 2 marks for a correct definition The state/public and private sectors (1) provide goods/services between them (1) Accept any other appropriate response	(2)

Question number	State one example of an occupation that is in the tertiary sector of an economy.	Mark
	Answer	
1(d)	AO1 1 mark Award 1 mark for a correct example Teacher/Retailer/Banker Accept any other appropriate response	(1)

Question number	Define the term producer.	Mark
	Answer	
1(e)	AO1 1 mark Award 1 mark for a correct definition A person/company/country that makes/creates goods/services Accept any other appropriate response	(1)

Question number	Calculate, to two decimal places, the income elasticity of demand (YED) for a good if income increases by 7% and quantity demanded increases by 11%. You are advised to show your working.	Mark
	Answer	
1(f)	AO2 2 marks Award 1 mark for showing correct calculation $11\% \div 7\%$ (1) Award 1 mark for correct income elasticity of demand (YED) $= 1.57$ (1) Award 2 marks if YED is correctly calculated as 1.57, even if no calculations are shown Do not award marks for the formula	(2)

Question number	Which one of the following values shows perfectly price inelastic supply?	Mark
	Answer	
1(a)	AO1 1 mark The only correct answer is: A 0 B is not correct because this is price inelastic supply C is not correct because supply is unitary price elasticity D is not correct because this is price elastic supply	(1)

Question number	Which one of the following is the most likely type of government policy to produce this decrease in costs?	Mark
	Answer	
1(b)	AO2 1 mark The only correct answer is: C Increased subsidy A is not correct because this would not lower total costs B is not correct because this would be more likely to increase total costs D is not correct because increased taxation would increase total costs	(1)

Question number	What is meant by the term private sector?	Mark
	Answer	
1(c)	AO1 2 marks Award up to 2 marks for a correct definition Firms owned by individuals or groups (1) that provide goods/ services (1) Accept any other appropriate response	(2)

Question number	Answer	Mark
4(a)	AO2 2 marks Award 1 mark for showing correct calculation $(4,200 + 6,000 + 3,250) - 9,600$ (1) Award 1 mark for correct excess demand $= 3,850$ tickets (1) Award 2 marks if excess demand is correctly calculated as 3,850 tickets even if no calculations are shown Do not award marks for a formula	(2)

Question number	Indicative content
4(b)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • In the public sector, the government provides goods and services in the economy • It places dependence on the state for production of goods and services whereas the majority of goods and services in the private sector are provided by private firms • The public sector in Cuba places a high degree of importance on the state controlling production, playing a key role in the provision of key public services such as; education, healthcare, social care and infrastructure • Many jobs are guaranteed by the state as shown by the 75% directly employed by the state • It is easier to provide much needed public goods • It is more able to monitor and control externalities

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question number	Indicative content
2(h)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 • The public sector is when government organisations provide goods and services in an economy • The private sector is when the provision of goods and services is by businesses that are owned by individuals or groups of individuals • The economic problem is what, how and for whom to produce when there are finite resources to meet infinite wants • In the private sector businesses such as those producing electronics in Japan, are likely to want to meet the business objective of profit maximisation • Therefore there are likely to be fewer wasted resources, as firms try to keep costs as low as possible when meeting the demand from consumers. This is because resources are likely to be allocated according to the forces of supply and demand • It may therefore rely more on private sector ownership because this is likely to be more efficient when producing goods and services that consumers want, such as clothes, leisure and entertainment • This would mean private sector ownership is more effective in solving the economic problem AO4 • However, with public sector ownership, the best interests of the public are more likely to be the main objective • Therefore reliance on mostly public sector ownership is likely to be more effective for goods and services that may not be produced in high enough quantities by private sector ownership, such as education, health and street lighting • Although public sector ownership may not be the most efficient, without it, resources may not be used to produce everything needed within an economy • Therefore countries such as Cuba may benefit more from producing with a higher reliance on public sector ownership when trying to solve the economic problem

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness (AO4).
Level 2	4–6	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness (AO4).
Level 3	7–9	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness (AO4).

Question number	Indicative content
3(e)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 • The public sector is a part of the economy which is owned by the government and which operates in the public interest • By providing funding for roads in Cambodia, repairs could be made to the > half of the 6,000 km of roads in need of maintenance • This could improve the safety standard of roads and lead to fewer accidents, meaning more people are available to work in the Cambodian economy • It could also allow construction of new roads that can cope with increased business in Cambodia • This would most likely create positive externalities for Cambodian businesses that could benefit from cheaper/quicker transportation of goods • This would mean business could continue to grow in Cambodia, providing more revenue for the government through taxes AO4 • However, the cost of improving the roads means less government revenue would be available for other things such as health and education • Therefore the Cambodian economy may not benefit as much from public sector investment to improve the roads as if the money was invested elsewhere • There is a high number of roads 'of poor quality' meaning it may take a long time for the Cambodian economy to benefit from the public sector investment • If the Cambodian economy continues to grow, further construction of roads may be needed and the public sector investment may not be able to keep up with the growth

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness (AO4).
Level 2	4–6	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness (AO4).
Level 3	7–9	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness (AO4).



Question number	With reference to the data above and your knowledge of economics, assess the benefits of the public sector providing outdoor areas or parks. Indicative content
2(h)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 • The public sector is a part of the economy which is owned by the government and which operates in the public interest • It places dependence on the state for production of goods and services and places a high degree of importance on the state controlling this production • The state plays a key role in the provision of key public services such as; education, healthcare, social care and infrastructure • Amongst the aims of this sector are reducing social costs and increasing social benefits • If the public sector is responsible for the creation and maintenance of outdoor areas or parks, the space would be available to everyone, providing a social benefit • This could improve the health of anyone who uses these areas, meaning that there is less need for healthcare and so less public spending would be required in this area, reducing social costs AO4 • If the public sector uses its finances to create/maintain parks it means less government revenue would be available for other things such as health and education • There is a cost in creating and maintaining the parks which must be funded by the government • The opportunity cost of providing more land for parks is the potential loss of housing and infrastructure • If parks provided by the government become too busy to be enjoyed or to provide suitable opportunities for people's health to benefit, it may be necessary for private sector funding to help provide outdoor areas or parks • This is likely to involve charging for access which would restrict availability for all and associated health benefits

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness (AO4).
Level 2	4–6	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness (AO4).
Level 3	7–9	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness (AO4).



Question number	With reference to the data above and your knowledge of economics, assess the benefits to Indonesia of the government increasing its healthcare spending.
3(e)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 - Healthcare is an external benefit because it has a positive spillover effect - This means that the people who receive healthcare in Indonesia can provide a benefit to third parties - This is because when people are healthy, they would be more likely to be able to perform their jobs and carry out activities in the economy, which can be beneficial to the wider society - Therefore, firms are also more likely to be able to produce the standard/quality of goods and services demanded by people in Indonesia - Economic growth has therefore increased, as shown by the better-than-expected rise, thus benefitting the people of Indonesia AO4 - However, there could be an opportunity cost. The money spent on healthcare could be used for other needs such as education - It will take time for the benefits of healthcare to be enjoyed by others in the country because people may not be able to return to work immediately, nor be guaranteed to be productive - People may not stay in Indonesia, meaning the benefits are enjoyed elsewhere and the cost is not offset by future social benefits - It is sometimes difficult to quantify and to give a monetary value to external benefits - It depends on other factors whether people maintain/gain employment in jobs which can benefit society

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness (AO4).
Level 2	4–6	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness (AO4).
Level 3	7–9	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness (AO4).



Question number	Answer	Mark
2(d)	AO1 1 mark Award 1 mark for reference to a person using a common resource they have not paid for A person who takes advantage of a common resource without paying for it	(1)

Question number	Answer	Mark
2(e)	AO1 2 marks Award 1 mark for reference to the reason and 1 mark for development of the reason Congestion causes pollution (1) which harms the health of third parties such as pedestrians (1) Accept any other appropriate response	(2)

Question Number	Which one of the following products has a price inelastic demand?	Mark
	Answer	
2(a)	AO2 1 mark The only correct answer is: C Y -0.5 A is not correct because it shows elastic demand B is not correct because this shows unitary elasticity D is not correct because the responsiveness is equal	(1)

Question Number	Which one of the following is the formula for calculating average cost?	Mark
	Answer	
2(b)	AO1 1 mark The only correct answer is: Total cost C ----- Quantity produced A is not correct because not only fixed cost is included B is not correct because revenue is not used in this calculation D is not correct because not only variable cost is included	(1)

Question Number	State one reason why governments intervene in the economy.	Mark
	Answer	
2(c)	AO1 1 mark Award 1 mark for a suitable reason • To correct market failure • Lack of competition • Lack of information Accept any other appropriate response	(1)

Question number	Answer	Mark
3(a)	AO1 1 mark The only correct answer is: C Lack of information A is not correct because this will fill skills shortages B is not correct because this will lead to greater efficiency D is not correct because this improves productivity	(1)

Question number	Answer	Mark
3(b)	AO1 1 mark The only correct answer is: D Sales assistant A is not correct because this role is in the primary sector B is not correct because this role is in the secondary sector C is not correct because this role produces primary products	(1)

Question number	A free rider can be defined as an individual who does which one of the following? Answer	Mark
3(a)	AO1 1 mark The only correct answer is: B Enjoys the benefit of a good but does not pay for it A is not correct because a free rider does not pay for the good C is not correct because a free rider does neither of these D is not correct because a free rider does use the good	(1)

Question number	Which one of the following is an example of an occupation in the tertiary sector? Answer	Mark
3(b)	AO1 1 mark The only correct answer is: C Hotel receptionist A is not correct because this role is in the secondary sector B is not correct because this role is in the primary sector D is not correct because this role produces primary products	(1)

Question number	Answer	Mark
2(g)	AO2 3 marks Award 1 mark for identifying a relevant reason Award 1 mark for developing the reason Award 1 mark for the response being in the context - One reason is that public goods are non-excludable (1) meaning that everyone walking/driving along the street would benefit from the lighting (1) whether or not they pay anything towards it through taxes (1) - One reason is that there is non-rivalry for public goods (1) meaning that one person walking/driving along the street is not preventing another person from benefitting from street lighting (1) whether or not they pay anything towards it through taxes (1) Accept any other appropriate response	(3)

Question number	Answer	Mark
4(a)	AO2 2 marks Award 1 mark for showing correct calculation $408 - (98 + 114 + 107)$ (1) Award 1 mark for correct excess supply $= 89$ seats (1) Award 2 marks if excess supply is correctly calculated as 89 seats even if no calculations are shown Do not award marks for a formula	(2)

Question number	Indicative content
4(b)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • The free rider problem is when a person enjoys the benefit of a good without paying for it • Street lighting is an example of a public good and it is provided by the government • It is non-excludable, meaning no one can be excluded from its consumption if they had not paid, there would be no reason for private individuals to pay for the street lighting • Consumption of street lighting by one person will not reduce the amount available for others; it has non-rivalry • Therefore, public goods, such as street lighting lead to the free rider problem because they would not be paid for by private individuals and as a result are paid by the government

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question number	With reference to the data above and your knowledge of economics, analyse why the UK Government might provide flood defences.
	Indicative content
3(d)	A02 (3 marks)/A03 (3 marks) A02 and A03 - Without the government intervention of the flood defence system, the River Calder flooding may continue, causing firms to shut down, residents to lose their homes and an increase in damaged infrastructure - The UK Government made the £32m investment in a flood defence scheme because residents, businesses and infrastructure in Calderdale had repeatedly suffered from flood damage - The UK Government is likely to provide goods and services that the private sector would be unwilling to provide because of the lack of profit - Flood defences in Calderdale are an example of market failure because the private sector is unlikely to provide resources needed to manage the problem in sufficient quantities - Flood defences are an example of public goods that are provided by the government and have characteristics of being non-rivalry and non-excludable - Failure to provide flood defences would increase the need for individuals and firms to rely on the UK Government financially

Level	Mark	Descriptor
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Level 1	1–2	- Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). - Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	- Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). - Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	- Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). - Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question number	Calculate the excess demand for tickets if the quantity supplied for all three events totals 60,000. You are advised to show your working. Answer	Mark
4(a)	AO2 2 marks Award 1 mark for showing correct calculation $(22,200 + 21,000 + 20,250) - 60,000$ (1) Award 1 mark for correct excess demand 3,450 (1) Award 2 marks if excess demand is correctly calculated as 3,450 even if no calculations are shown Do not award marks for a formula	(2)

Question number	With reference to the data above and your knowledge of economics, analyse why the free rider problem has led to the Zambian Government providing the defence force. Indicative content
4(b)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • The free rider problem is when a person enjoys the benefit of a good without paying for it • The Zambian defence force is an example of a public good as it is provided by the government in Zambia • It is non-excludable, meaning no one can be excluded from benefitting from the defence even if they have not paid for its provision • Having the defence force increases the standard of living for citizens of Zambia but if left to the private sector to provide, individuals would not pay for it • One person benefitting from country's defence will not reduce the amount available for others; it has non-rivalry • Therefore, the free rider problem leads to the need for the provision of defence by the Zambian Government

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question number	With reference to the data above and your knowledge of economics, analyse how market failure is likely to occur at the TSFG venue.
	Indicative content
1(i)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • Market failure exists where resources are not allocated efficiently • Examples of market failure include externalities, missing markets, lack of information, factor immobility and lack of competition • There is a lack of competition selling food and drinks at the TSFG, meaning customers have limited choice of where to buy refreshments inside the grounds • This means higher prices can be charged because customers cannot get refreshments anywhere else • As people spend several hours at the venue, they are likely to need something to eat and/or drink during their visit • Therefore, the high prices and reduced choice leads to an inefficient allocation of resources

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question number	With reference to the data above and your knowledge of economics, analyse a possible reason why the market for tourism services is an inefficient allocation of resources.
	Indicative content
4(b)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 • Inefficiency occurs when market failure is/externalities are present • One example of market failure is a lack of information for the consumer • The market for tourism shows visitors to Saint Vincent do not have all the information about prices when booking online before visiting the island • As a result, tourists can pay up to \$14 more for a guide than if they waited to obtain all the information once arriving on the island • Therefore, an inefficient allocation of resources occurs in the market

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question number	With reference to the data above and your knowledge of economics, evaluate whether X is likely to benefit from economies of scale.
	Indicative content
4(c)	AO2 (4 marks)/AO3 (4 marks)/AO4 (4 marks) AO2 and AO3 • The number of users of the newly named X increased to a new high of 530 million people within the first year • This means that the (long-run) average costs are likely to be reduced because they are spread over a larger number of users • By creating a platform that enables users to perform multiple tasks, such as messaging, making payments and having food delivered, fewer resources would be needed, leading to lower (long-term) average costs (technical economies) • The cost of developing the advanced technology may be lower for X, as a substantial amount of research/components are likely to be required, possibly leading to purchasing economies • Due to the increase in size, managerial economies may be present as specialist managers could oversee separate functions of X, bringing in specialist expertise and lowering (long-run) average costs • (Long-run) average costs could also be reduced as all tasks could be advertised together, therefore spreading the marketing costs and allowing marketing economies to take place • The takeover cost of \$44bn suggests the platform is extremely large, therefore, financial economies are likely because it should be able to get access to money more cheaply than a smaller firm, including to purchase/develop the advanced technology AO4 • If a firm grows too large, average costs are likely to rise due to diseconomies of scale • The loss of around 65% advertising revenue may reduce X's ability to create the platform envisaged by Elon Musk • Thousands of workers lost their jobs as a result of the purchase by Elon Musk, meaning a decrease in efficiency of remaining workers may be likely if they are worried about losing their jobs too • This means diseconomies of scale may occur as the average costs may increase due to less productive workers • The renaming of the platform from Twitter to X, alongside other major changes may cause further issues for X, such as workers being demotivated • Communication problems and a lack of control may be caused by having such a large firm trying to integrate resources. As the platform relies on technology being used effectively, this may lead to diseconomies of scale

Question number	Answer	Mark
3(a)	AO1 1 mark The only correct answer is: D Privatisation A is not correct because this is the creation of new land from drained wetlands B is not correct because this is the creation of a new product from an idea C is not correct because this is where an enterprise previously part of the private sector is taken into state ownership	(1)

Question number	Answer	Mark
3(b)	AO1 1 mark The only correct answer is: B Farmer A is not correct because it is a service C is not correct because it is not production involving extraction of raw materials from the earth D is not correct because it is in the tertiary sector	(1)

Question number	Answer	Mark
3(c)	AO2 3 marks Award 1 mark for leftward shift of labour supply, labelled Award 1 mark for higher equilibrium wage rate, labelled Award 1 mark for lower equilibrium quantity of workers employed, labelled Quantity of workers employed	(3)

Question Number	Calculate the profit or loss for the firm for each pair of shoes. You are advised to show your working.	Mark
	Answer	
2(d)	AO2 2 marks Award 1 mark for showing correct calculation $\\$89 - (\\$17 + \\$35)$ (1) Award 1 mark for correct profit $= \\$37$ (1) Award 2 marks if profit is correctly calculated as \$37, even if no calculations are shown Award 1 mark if the answer given is 37 with or without calculations shown Do not award marks for a formula	(2)

Question Number	Define the term fine.	Mark
	Answer	
2(e)	AO1 1 mark Award 1 mark for a correct definition A financial penalty Accept any other appropriate response	(1)

Question Number	Describe one benefit to consumers of privatisation.	Mark
	Answer	
2(f)	AO1 2 marks Award 1 mark for reference to the benefit and 1 mark for development of the benefit Firms are likely to offer lower prices (1) because they are trying to attract custom away from competitors (1) Accept any other appropriate response	(2)

Question number	Which one of the following might have caused the movement from PPF ₁ to PPF ₂ in Figure 1 above? Answer	Mark
1(a)	AO2 1 mark The only correct answer is: B Positive economic growth A is not correct because this would shift the PPF inwards C is not correct because it does not show long-run average costs increasing with a rise in output D is not correct because it does not show long-run average costs decreasing with a rise in output	(1)

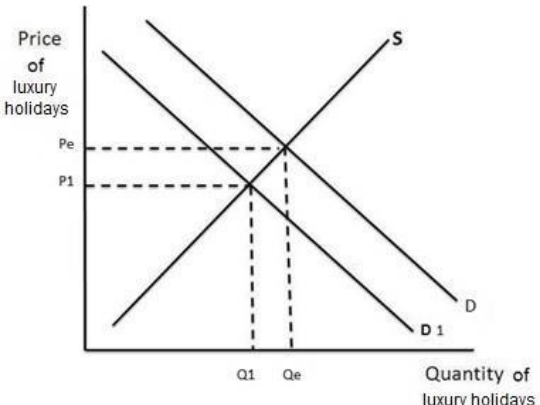
Question number	A firm has total costs of \$10 000 and sells each item at a price of \$100. It sells 200 items. What is the profit or loss for the firm? Answer	Mark
1(b)	AO2 1 mark The only correct answer is: B \$10 000 profit A is not correct because total costs have not been deducted C is not correct because a profit would be made and not a loss D is not correct because this is \$10 000 - \$20 000	(1)

Question number	What is meant by the term privatisation? Answer	Mark
1(c)	AO1 2 marks Award 1 mark for reference to moving from the public sector and 1 mark for reference to transfer of ownership to the private sector The government sells/transfers an organisation (in the public sector) (1) to the private sector (1) Accept any other appropriate response	(2)

	Answer	
2(d)	AO1 2 marks Award up to 2 marks for a correct definition A licence to be the only producer (1) of a newly designed product (1) Accept any other appropriate response	(2)

Question number	Describe one advantage to a firm of being privatised.	Mark
	Answer	
2(e)	AO1 2 marks Award 1 mark for reference to the advantage and 1 mark for development of the advantage The firm is able to set its own objectives (1) as it takes control over its own actions (1) Accept any other appropriate response	(2)

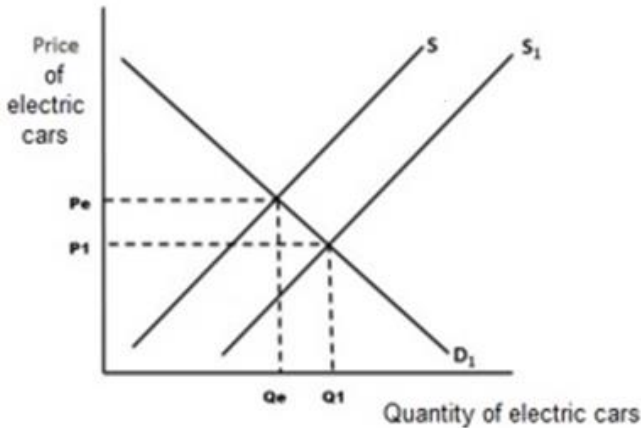
Question number	Explain one reason why the US Government may use fines to reduce the negative externalities caused by motorists who drive through a red traffic light.	Mark
	Answer	
2(f)	AO2 3 marks Award 1 mark for identifying a relevant reason Award 1 mark for developing the reason Award 1 mark for the response being in context - It may encourage the driver to stop. (1) As driving through a red traffic light may cause accidents, (1) fines are likely to reduce the number of accidents (1) - It may reduce accidents (1) because the driver does not want to be fined, (1) so they are less likely to drive through a red light (1) Accept any other appropriate response	(3)

Question number	Using the diagram below, draw the likely effect on the market for luxury holidays after a fall in income. Label the new curve, the new equilibrium price and the new equilibrium quantity.	Mark
1(g)	Answer A02 3 marks Award 1 mark for leftward shift of demand, labelled Award 1 mark for lower equilibrium price, labelled Award 1 mark for lower equilibrium quantity, labelled 	(3)

Question number	Explain one possible disadvantage of privatisation for workers in the telecoms industry in Angola.	Mark
1(h)	Answer A02 3 marks Award 1 mark for identifying a disadvantage Award 1 mark for developing the response Award 1 mark for the response being in context Workers may be made redundant as a result of privatisation (1) because private firms are likely to want the telecoms industry to reduce costs (1) in order to increase efficiency (1) Accept any other appropriate response	(3)

Question number	With reference to the data above and your knowledge of economics, analyse the impact on the economy after a movement from A to B on the production possibility curve (PPC).
	Indicative content
1(i)	A02 (3 marks)/A03 (3 marks) A02 and A03 • A PPC shows the combination of goods that can be produced with all available resources • The maximum productive potential of the economy can be seen at point A on the PPC, where if 350 million units of capital goods are produced, 160 million units of consumer goods can be produced • If the number of capital goods produced increases to 450 million units it is not possible to continue to produce 160 million units of consumer goods • The number of consumer goods produced must fall by 30 million units, to 130 million units. This is shown at point B. (There is an opportunity cost) • As the number of capital goods produced increases, there will be an increase in the productive capacity of the economy • Because the economy can now produce more, the PPC will shift outwards allowing an increase in the number of capital goods and consumer goods to be produced in the future • An outward shift of the PPC indicates positive economic growth of the economy

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question number	Using the diagram below, draw the likely effects on the market for electric cars following the introduction of a subsidy on electric cars. Label the new curve, the new equilibrium price and the new equilibrium quantity.	Mark
	Answer	
1(g)	AO2 3 marks Award 1 mark for a rightward shift of the supply curve, labelled Award 1 mark for a lower equilibrium price, labelled Award 1 mark for a higher equilibrium quantity, labelled 	(3)

Question number	Explain one possible advantage of privatisation for consumers in Brazil.	Mark
	Answer	
1(h)	AO2 3 marks Award 1 mark for identifying an advantage Award 1 mark for developing the response Award 1 mark for the response being in context • Consumers may benefit from lower prices (1) because a private firm is likely to want to be efficient (1) so it will aim to produce food at its lowest possible cost (1) • Better quality may be available to consumers (1) because private firms will aim to make a profit (1) meaning they need to retain customers by providing quality food products (1) Accept any other appropriate response	(3)

	A car mechanic provides the service of repairing vehicles/machinery for use in production (1) therefore a car mechanic is labour (1)	(2)
	Accept any other appropriate response	

Question number	Explain one possible disadvantage of this privatisation for other broadcasters in Argentina.	Mark
	Answer	
2(f)	A02 3 marks Award 1 mark for identifying a relevant disadvantage Award 1 mark for developing the disadvantage Award 1 mark for the response being in context The newly privatised Radio Nacional will be under pressure to make a profit (1) meaning there would be more incentive to meet the needs of listeners of Radio Nacional. (1) This would increase competition for other broadcasters (1) Accept any other appropriate response	(3)

Question number	With reference to the data above and your knowledge of economics, assess the effectiveness of trade unions in increasing pay and improving working conditions for their members. Indicative content
2(g)	AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks) AO2 and AO3 • Trade unions can help raise wages and improve working conditions for workers by putting pressure on employers during negotiations • Mine workers have already been helped by the GMWU, in obtaining an increase in the monthly minimum wage to \$500 • A higher rate of pay may lead to increased productivity from more motivated workers, making employers more likely to accede to the union's demands • The union has been supporting workers for 80 years and has over 16,000 members, meaning it could have a lot of influence on employers • This longevity and the ongoing pressure of GMWU on employers to improve health and safety, shows the union has been reasonably effective so far AO4 • However, the need for further talks to protect mine workers' jobs shows GMWU membership may only be partially effective • Workers may not think it worth paying a membership fee to a trade union if it is unable to guarantee secure jobs • When wage rates increase, employers may not be able to afford to employ the same quantity of workers, thus meaning mine workers' jobs are at risk • Improving health and safety is likely to incur higher costs for mining firms • This means that the effectiveness of trade unions may depend on whether firms can pass on these increased costs through increased prices, such as when demand for products from mines is falling • The alternative may be reduced profit margins for the mining firms, meaning they would be less likely to agree to pay increases

Question number	Indicative content	
3(d)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 - Privatisation is the transfer of activities from the public sector to the private sector - The sale of previously government-owned assets can help the budget of a government - Almost €1bn revenue was raised by the Slovenian Government, meaning that it is able to add funding to the country's pension system, reducing the need to raise taxes - By selling government-owned assets the government may not have as much debt in the future and would therefore reduce interest payments on the national debt - This would allow the government to use any other revenue to support other elements of government spending, such as education or health care	
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	- Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). - Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	- Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). - Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	- Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). - Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question number	With reference to the data above and your knowledge of economics, analyse the possible advantages of privatisation for TAP Air.
	Indicative content
3(d)	AO2 (3 marks)/AO3 (3 marks) AO2 and AO3 - Privatisation is the act of selling a firm controlled by the government to private investors - TAP Air may benefit from investment in the airline from private investors wanting to put a structure in place capable of maximising profit - This means that there may be more money available to allow the airline to become more established and increase sales of flights to passengers, possibly expanding further than the operations in Portugal - In addition, an objective of profit maximisation may enable efficiency to improve within the airline and lower costs - Greater efficiency may also be enjoyed through less bureaucracy and political interference from the Portuguese Government, especially if the new owners are more experienced in operating an airline

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	- Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). - Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3–4	- Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). - Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5–6	- Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). - Information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

Question number	Indicative content
4(c)	AO2 (4 marks)/AO3 (4 marks)/AO4 (4 marks) AO2 and AO3 • Privatisation involves the sale of state-owned resources to the private sector • The Indian Government wants to sell the airline Air India to private investors • This means that the airline would no longer be controlled by the government and would be more likely to pursue different objectives, such as making a profit • It may mean Air India would be more likely to reverse the current loss and to be able to pay for its fuel • Private investors may bring increased investment to the airline, meaning it is able to offer increased flights to destinations in countries in Africa and the rest of Asia • This would increase Air India's competitiveness with other airlines already flying to a higher number of destinations • Therefore, this would complement a new objective to make a profit • This is more likely to be achievable as the new owner(s) may have more experience and skills in managing an airline than the government AO4 • However, the Indian Government has reduced the debt faced by Air India in the past and therefore could leave the airline struggling to meet its costs without assistance from the state • There is already a lot of competition from other airlines meaning the changes may not lead to benefits for Air India; it may be out of the airline's control • As oil companies have struggled to receive payment for fuel in the past, they may be reluctant to supply the firm, even with new owners • This could mean that Air India needs to prioritise different objectives before looking to make a profit and/or establish new routes • It may depend on the level of investment from the new private owner(s) as well as their personal objectives • In the short term it may be more difficult for Air India to make a profit but this may be easier in the long term if the private owner(s) can use their skills and experience to the benefit of the airline

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	• Demonstrates isolated elements of relevant knowledge and understanding; may lack development of relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Chain of reasoning may be attempted. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness. A judgement or conclusion is unlikely to be attempted (AO4).
Level 2	5–8	• Demonstrates partial selectivity and some accurate knowledge and understanding by developing some relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Chain of reasoning will be present but may be limited. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness. A judgement or conclusion is attempted, but may not be fully supported (AO4).
Level 3	9–12	• Demonstrates specific and accurate knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Chain of reasoning will be coherent and logical. Interpretation of economic information will be excellent with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness. A supported judgement or conclusion is present (AO4).

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Question number	With reference to the data above and your knowledge of economics, evaluate whether consumers are likely to benefit from the privatisation of Lagos Airport.
	Indicative content
4(c)	AO2 (4 marks)/AO3 (4 marks)/AO4 (4 marks) AO2 and AO3 • Privatisation involves the sale of state-owned resources to the private sector • The Nigerian Government wants to sell Lagos airport (and three other main airports in Nigeria) to private investors • This means that the airport would no longer be controlled by the government and its owners would be more likely to pursue different objectives, such as making a profit (and making back the investment from buying the airport) • As a result, the prices may rise for consumers • The previous focus on safety and improving airport facilities may reduce, in order to cut costs for the new owners, especially as the Nigerian Government had used subsidies to help pay for these • Therefore, consumers may see an increase in problems with use of the airport and may face more risk of accidents at the airport • This issue may be more likely due to the resistance to the privatisation previously faced from trade unions, indicating the workers at the airport may be unhappy • Therefore, service may be affected leaving consumers unhappy with conditions at the airport AO4 • However, the focus of the new owners may not change as improving safety and airport facilities to meet customer needs may be seen as ways to attract more demand and therefore increase revenue • In order to make a profit, greater efficiency is likely to be a focus for owners of Lagos Airport, meaning the delivery of services may be better, not worse • Lagos Airport is the busiest in Nigeria, with potential for increased growth in both passenger and industrial use, meaning the new owners may be able to utilise higher revenues to maintain and increase customer satisfaction • This may complement, rather than replace the objective of making a profit • This is more likely to be achievable if the new owners have more experience and skills in managing an airport than the Nigerian Government • It may depend on the level of investment from the private owners as well as their objectives

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	• Demonstrates isolated elements of relevant knowledge and understanding; may lack development of relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Chain of reasoning may be attempted. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3). • Only offers one viewpoint, meaning there is an unbalanced and incomplete evaluation, showing limited understanding and awareness. A judgement or conclusion is unlikely to be attempted (AO4).
Level 2	5–8	• Demonstrates partial selectivity and some accurate knowledge and understanding by developing some relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Chain of reasoning will be present but may be limited. Interpretation of economic information will be good, with some analysis of issues (AO3). • Offers more than one viewpoint but the argument may lack balance, leading to an evaluation that may not demonstrate full understanding and awareness. A judgement or conclusion is attempted, but may not be fully supported (AO4).
Level 3	9–12	• Demonstrates specific and accurate knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate excellent selectivity and organisation. Chain of reasoning will be coherent and logical. Interpretation of economic information will be excellent with a thorough analysis of issues (AO3). • Offers more than one viewpoint. The argument is well balanced and coherent, leading to an evaluation that demonstrates full understanding and awareness. A supported judgement or conclusion is present (AO4).