4	**QS4**: Construct and interpret a range of standard graphical forms **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is A** **B** is not correct because the welfare loss area is found by going up from the market equilibrium at point W **C** is not correct because this is producer surplus at the market equilibrium **D** is not correct because this is producer surplus at the social optimum	**(1)**

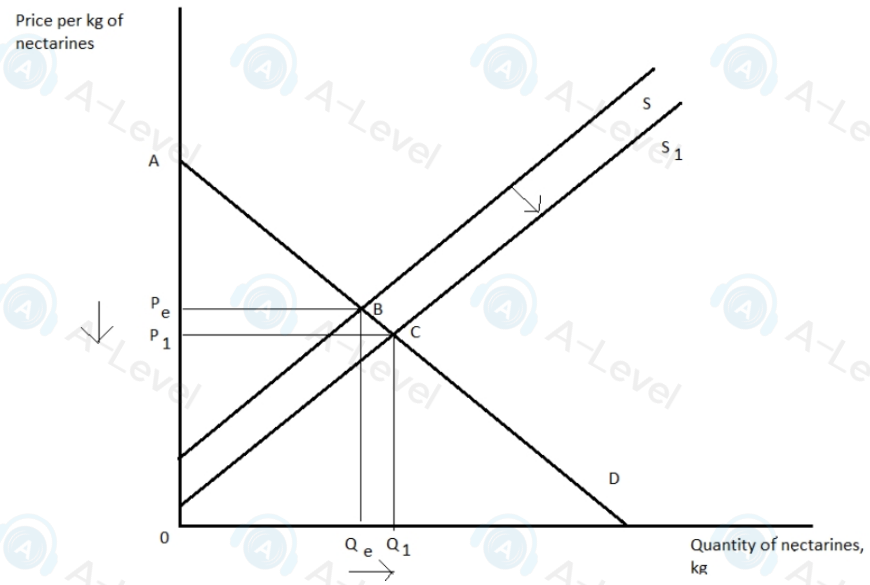
2	–	C	**(1)**

Question	Quantitative skills assessed	Answer	Mark
1	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is A** **B** is not correct because firms would supply less if the price decrease **C** is not correct because the price decrease would be caused by lower demand **D** is not correct because government intervention is not a function of the price mechanism	**(1)**

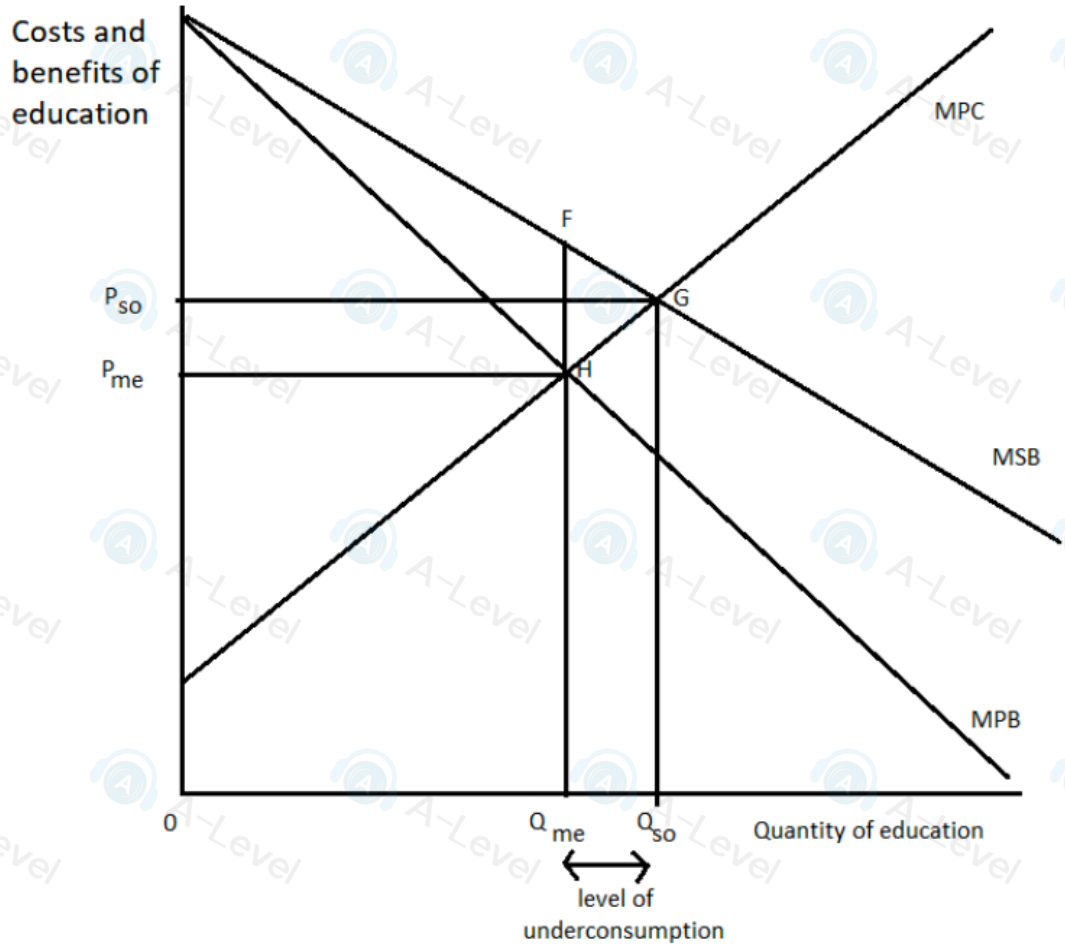
4	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is D** **A** is not correct because the social optimum quantity is Q_2 and price is P_2 **B** is not correct because the market equilibrium quantity is Q_1 and price is P_1 **C** is not correct because RST is the area of welfare loss	**(1)**

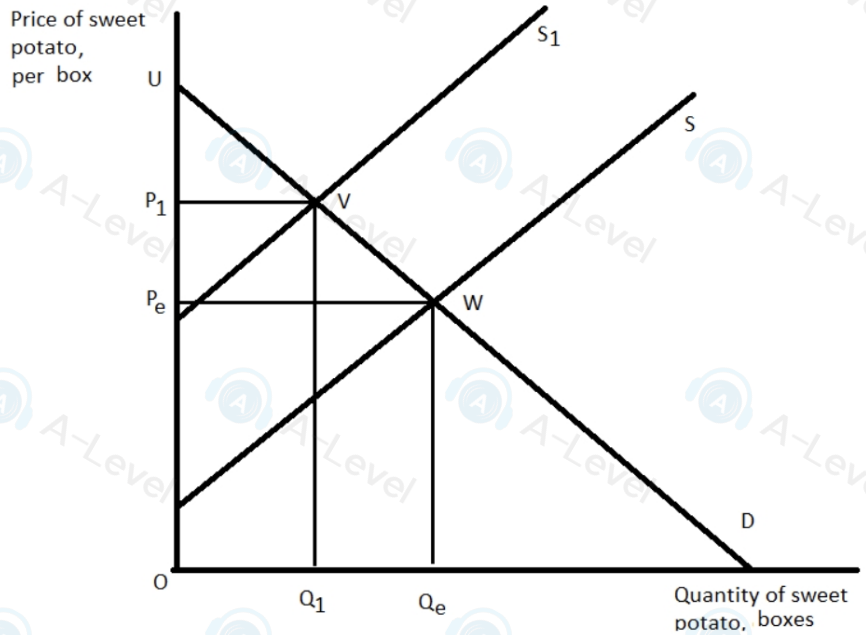
6	**QS4**: Construct and interpret a range of standard graphical forms **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is B** **A** is not correct because this is the producer incidence **C** is not correct because this is the tax revenue earned by the government/includes both consumer and producer incidence **D** is not correct because this multiplies the Sol 0.60 by the wrong quantity (380 000)	**(1)**

4	**QS4**: Construct and interpret a range of standard graphical forms **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is D** **A** is not correct because the market equilibrium quantity is at Q_1 **B** is not correct because the social optimum quantity is at Q_2 **C** is not correct because the welfare gain area is equal to the area UWX	**(1)**

Question	Explain the likely impact of this change in price on consumer surplus in the market for nectarines. Illustrate your answer with an appropriate diagram. **Answer**	Mark
11	**Knowledge 1, Application 1, Analysis 2** Quantitative skills assessed: **QS4**: Construct and interpret a range of standard graphical forms **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge** • 1 mark for definition of consumer surplus e.g.: The difference between the price consumers are willing to pay and the price they pay/gap between the equilibrium price and demand curve **(1)** **Application** 1 mark for the following diagram, showing supply shifting right  	

	Analysis 1 mark for the original consumer surplus • ABP_e **(1)** 1 mark for the new consumer surplus • ACP_1 **(1)** **OR** 2 marks for the change in consumer surplus • Consumer surplus increases **(1)** by BCP_1P_e **(1)**	**(4)**

Question	Draw a diagram to illustrate these external benefits. Answer	Mark
7	**Knowledge 1, Application 3** Quantitative skills assessed: **QS4**: Construct and interpret a range of standard graphical forms **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge** 1 mark for showing knowledge on diagram • Downward sloping MSB above MPB **(1)** **Application** Up to 3 marks for the following information included on diagram or in supporting write up: • Market equilibrium price **and** quantity **(1)** • Social optimum price **and** quantity **(1)** • Welfare loss/welfare gain area FGH/ size of external benefit FH/ level of underconsumption Qme - Qso **(1)**  **NB accept a parallel shift of MPB to MSB**	**(4)**

Question Number	Between August 2018 and August 2019 the world price of sweet potatoes increased from $12 to $22.50 per box. This was caused by Hurricane Florence and heavy rains in the USA, the world's largest supplier. Explain the likely impact of this change in price on consumer surplus in the market for sweet potatoes. Illustrate your answer with a diagram. Answer	Mark
11	**Knowledge 1, Application 1, Analysis 2** Quantitative skills assessed: **QS4**: Construct and interpret a range of standard graphical forms **Knowledge** 1 mark for defining consumer surplus • Consumer surplus is the difference between the price which consumers are willing to pay and the market price **(1)** **Application** 1 mark for the following diagram, showing the correct shift in supply	
	Application 1 mark for the following diagram, showing the correct shift in supply  	
	Analysis Up to 2 marks for likely impact on consumer surplus • Original consumer surplus is P_eUW **(1)** • New consumer surplus is P_1UV **(1)** **Or** • Consumer surplus decreases **(1)** by P_eP_1VW **(1)**	**(4)**

Question		Mark
	<table><tr><td>Country</td><td>External cost of pollution per capita ($)</td></tr><tr><td>Germany</td><td>950</td></tr><tr><td>USA</td><td>1200</td></tr><tr><td>South Africa</td><td>1300</td></tr><tr><td>Brazil</td><td>1500</td></tr></table> With reference to the table, explain one reason why the external costs of pollution might be different between these countries. **Answer**	
9	**Knowledge 1, Application 1 Analysis 2** Quantitative skills assessed: **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge** 1 mark for definition of external costs: • Negative impact on third parties/where social costs exceed private costs **(1)** **Application** 1 mark for reference to data: • External cost of pollution per capita: USA $1 200/Germany $950/Brazil $1 500/ South Africa $1 300 **(1)** **Analysis** Up to 2 marks for linked analysis e.g.: • Greater use of green energy in Germany than in South Africa **(1)** so less use of fossil fuels **(1)** • Higher income/GDP in USA than in South Africa **(1)** so greater ability to spend more on home/business insulation **(1)**	**(4)**

	• Higher indirect taxes in Germany than in Brazil **(1)** reducing supply from polluting firms in Germany **(1)** • EU tradable pollution permit scheme **(1)** reducing the production of carbon emissions in Germany **(1)** • Higher government subsidies to promote the use of green energy/electric cars in USA than in Brazil **(1)** so more incentive for consumers and businesses to use green energy/buy electric cars **(1)** • Difference in government policies to combat pollution **(1)** help disincentivise firms/ individuals from polluting **(1)** • Stricter environmental regulations **(1)** reducing the production of carbon emissions in Germany **(1)**	

Question	With reference to the information provided, explain the difference between private benefits and external benefits. **Answer**	Mark
9	**Knowledge 2, Application 2** Quantitative skills assessed: **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge** 1 mark for understanding of 'private benefits' • Private benefits are benefits/positive impacts on the buyer or seller/first/second party **(1)** 1 mark for understanding of 'external benefits' • External benefits are benefits/positive impacts on third parties/positive spillovers/ MSB > MPB **(1)** **Application** 1 mark for reference to private benefits in stem • Benefits to her neighbour, Tania, of earning revenue through selling honey/ • Benefits to Emiliana of earning revenue through selling sunflower seeds **(1)** 1 mark for reference to external benefits in stem • Emiliana's production increased from 300kg of sunflower seeds to 620kg of sunflower seeds/ • The honey bees help pollinate Emiliana's sunflowers increasing her output **(1)**	**(4)**