5	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is A** ***B*** *is not correct as supply exceeds demand* ***C*** *is not correct as supply extends from Q_e to Q_2* ***D*** *is not correct as demand contracts from Q_e to Q_1*	**(1)**

1	–	**The only correct answer is B** **A** is not correct because this is a market failure **C** is not correct because this is a function of the price mechanism **D** is not correct because this is the government intervening to correct the market failure	**(1)**

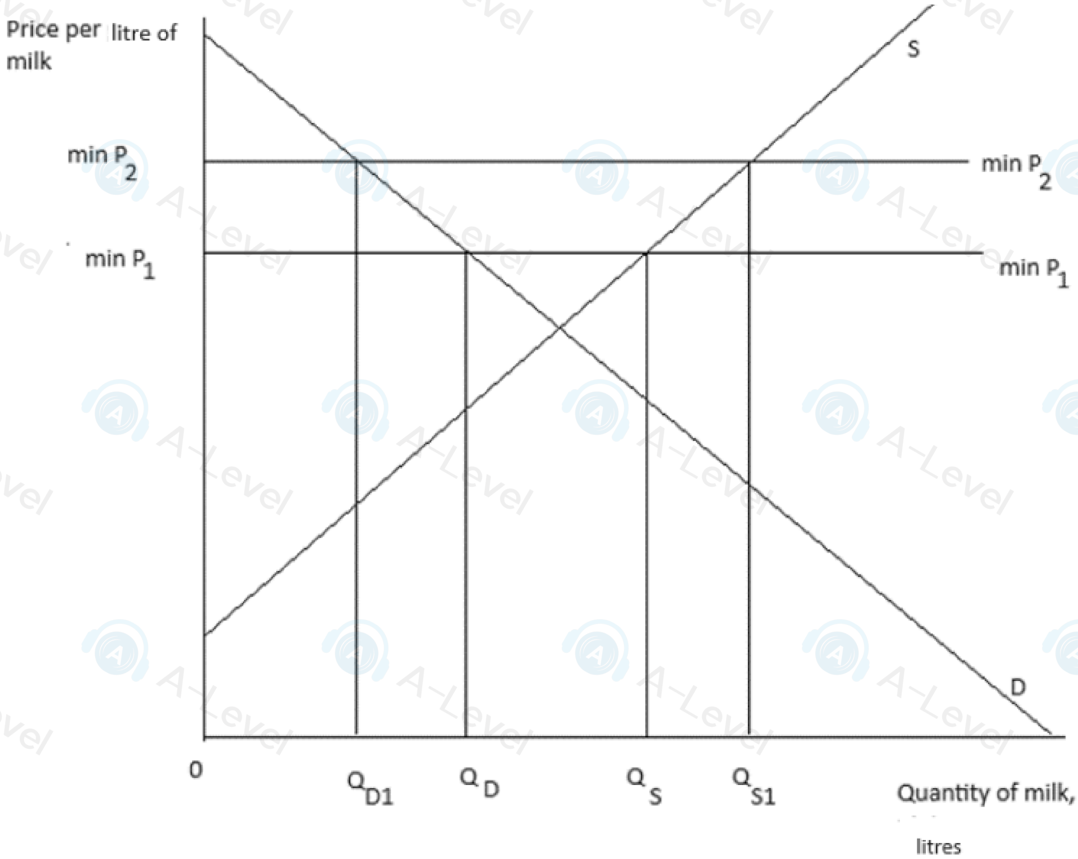
1	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is B** **A** is not correct because this is a government failure **C** is not correct because this is a government failure **D** is not correct because the market is functioning efficiently	**(1)**

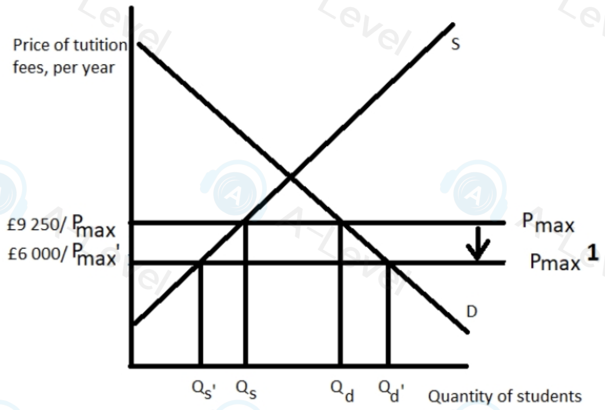
3	–	D	**(1)**

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 A** **B** is not correct because this is the area of consumer surplus **C** is not correct because the area the government will spend is GHKJ **D** is not correct because this is the total revenue to farmers	**(1)**

2	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is D** **A** is not correct because this is market failure **B** is not correct because this is market failure **C** is not correct because this is market failure	**(1)**

Question	Explain **one** microeconomic reason why people might have unnecessary operations in the USA. **Answer**	**Mark**
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 understanding e.g.: • Asymmetric information- where one economic agent has more information than another/ where the producer has more information than the consumer **Or** • Information gap- where information is not available to the consumer **Application** 1 mark for applying to unnecessary operations e.g.: • $200 billion per year spent on unnecessary operations **(1AP)** **Analysis** up to 2 marks for linked expansion • Doctors use their superior knowledge **(1AN)** to recommend surgeries/operations that the patient may not need **(1AN)** • Consumers are not aware of whether they need the operations **(1AN)** as they do not have medical training **(1AN)** • The private health insurance model in the USA provides an incentive to complete unnecessary operations **(1AN)** as it is an insurance company, not the patient who will pay/ which will increase revenue for the health provider **(1AN)** • Consumers may be more willing to have operations **(1AN)** as their insurance provider is paying **(1AN)** **NB moral hazard is a reason for people taking more risks leading to more operations and not more unnecessary operations**	**(4)**

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 minimum price e.g.: • Minimum price is the lowest price that firms can sell a good **(1)** **Application** 1 mark for increasing the minimum price **(1)**  **Analysis** Up to 2 marks for showing/describing/explaining the change in excess supply Original excess supply Q_S-Q_D **(1)** increases to Q_{S1}-Q_{D1} **(1)** The increase in excess supply **(1)** is Q_D to Q_{D1} and Q_S to Q_{S1} **(1)** Contraction of quantity demanded **/**Q_D to Q_{D1} **/** Extension of quantity supplied **/**Q_S to Q_{S1} **(1)**	**(4)**

Question	Draw a diagram to illustrate the impact of a decrease in the maximum price of university tuition fees in the UK. 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 drawing a supply and demand diagram showing the original maximum price below the equilibrium price. **Application** Up to 3 marks for the following information included on diagram: • 1 mark for drawing a new maximum price below the original maximum price • 1 mark for showing new quantity supplied and quantity demanded (May be offered in written explanation) • 1 mark for the impact on excess demand (rises)/ shortage increases (May be offered in written explanation)  	(4)

<table>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
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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 the diagram:

- Supply and demand curves drawn accurately with equilibrium quantity and price **(1)**

Application

1 mark for the following included on diagram:

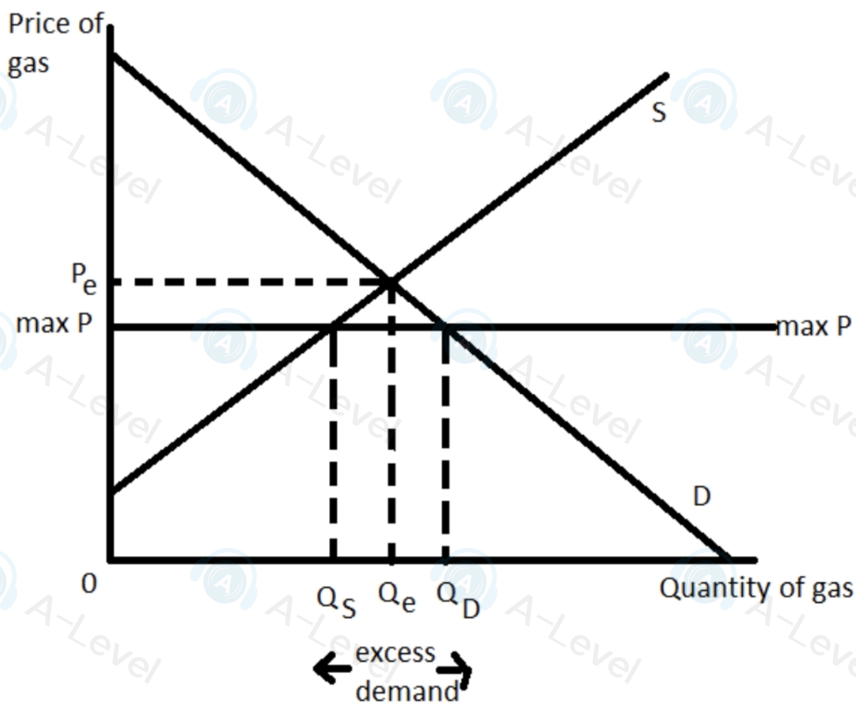
- Maximum price below the equilibrium price **(1)**

1 mark for either of the following:

- New quantity supplied (Q_S) and new quantity demanded (Q_D)/ Demand extends and supply contracts **(1)**

1 mark for identifying the overall impact:

- Excess demand/ shortage identified on diagram **(1)**



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Question	With reference to the Maldives, explain the difference between 'market failure' and 'government failure'. **Answer**	**Mark**
8	**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 'market failure' • Where the price mechanism/ supply and demand/ buyers and sellers lead to an inefficient allocation of resources/ misallocation of resources **(1)** 1 mark for understanding of 'government failure' • Where government intervention leads to a net welfare loss/ a worse allocation of resources **(1)** **Application** 1 mark for reference to data on market failure • Market failure – under-provision of public goods/ under-investment in flood defences **(1)** 1 mark for reference to data on government failure • Government failure - excessive administrative costs/required to complete extensive paperwork **(1)**	**(4)**