

1	-	The only correct answer is B A is not correct because statement 2 is normative and not positive C is not correct because statement 1 is positive and not normative D is not correct as statement 1 is positive and statement 2 is normative	(1)
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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)

5	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	The only correct answer is D A is not correct because if too few permits were issued the price would be higher B is not correct because if too many permits were issued the price for carbon permits would be falling/lower C is not correct because a decrease in the demand for permits would reduce their price	(1)
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5	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	B	(1)
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4	QS4: Construct and interpret a range of standard graphical forms QS8: Make calculations of elasticity and interpret the result QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	The only correct answer is C A is not correct because the PED will be 0 B is not correct because the PED will be between 0 and -1 D is not correct because the PED will be -infinity	(1)
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6	QS8: Make calculations of elasticity and interpret the result QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	The only correct answer is B- The demand for water will be most responsive to a change in the price of sugar-sweetened drinks A is not correct because coffee has the lowest cross elasticity of demand showing it will be least responsive C is not correct because an increase in the price of sugar sweetened drinks will lead to a less than proportionate increase in the demand for milk D is not correct because an increase in the price of sugar-sweetened drinks will lead to an increase in the demand for water, milk and coffee	(1)
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Question Number	Lake Poopó in Bolivia used to provide the local community with water to irrigate the quinoa fields. By 2017 there had been a 98% reduction in the size of the lake. The community could no longer use the lake for irrigation. Explain whether Lake Poopó is a free good or an economic good.	Mark
9	Knowledge 1, Application 1, Analysis 2 Knowledge Up to 1 mark for defining 'free good' or 'economic good', e.g.: - Free good is a resource which is so abundant that its availability is not a constraint on economic activity/ a good with no opportunity cost OR Economic good is a good that derives utility/ a good with scarcity and therefore an opportunity cost/ scarcity means people may be willing to pay for it (1). Analysis Up to 2 marks for explaining why the lake might be a free good or economic good e.g.: - The lake provides water to irrigate quinoa (1) with abundant supply of water thus likely to be a free good (1). - The lake reducing in size means less water for irrigation is available (1) this scarcity suggests it is an economic good (1). Application Up to 1 mark for applying this to Lake Poopó, e.g.: - The lake is now 2% of its former size/there has been a 98% reduction in the size/lake used it irrigate quinoa fields (1).	(4)

Question	<i>Ceteris paribus</i>, calculate the price elasticity of supply for green coffee beans. Show your workings. Answer	Mark
10	Knowledge 1, Application 3 Quantitative skills assessed: QS8: Make calculations of elasticity and interpret the result. QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms Knowledge 1 mark for definition/the formula of price elasticity of supply $\frac{\% \text{ change in quantity supplied}}{\% \text{ change in price}} \quad (1)$ Application Up to 3 marks for calculations: • % change in green coffee bean output $11\,550\,000 - 8\,510\,000 / 8\,510\,000 \times 100 = 35.7226792\% \quad (1)$ • % change in price $1.82 - 1.61 / 1.61 \times 100 = 13.0434783\% \quad (1)$ $35.7226792\% \div 13.0434783\% = 2.73873873 \quad (1)$ NB: if correct answer (e.g. 2.7/ 2.74/2.739) is given, award full marks regardless of working. Accept reasonable rounding from full calculation (e.g. 36/13 = 2.8) Award 3 marks for 2.74%	(4)

Question	Ceteris paribus, calculate the income elasticity of demand for bus journeys. Show your workings. Answer	Mark
10	Knowledge 1, Application 3 Quantitative skills assessed: QS8: Make calculations of elasticity and interpret the result. QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms Knowledge 1 mark for definition Responsiveness of quantity demanded to a change in income /the formula of income elasticity of demand $\frac{\% \text{ change in quantity demanded}}{\% \text{ change in income}} \quad (1)$ Application Up to 3 marks for calculations: • % change in number of bus journeys $3.4 - 2.9 / 2.9 \times 100 = 17.24137931\% \quad (1)$ • % change in income $663 - 626 / 626 \times 100 = 5.91054313\% \quad (1)$ • YED calculation $17.24137931\% \div 5.91054313\% = 2.917054986 \quad (1)$ NB: if correct answer (e.g. 2.9/2.92/2.917) is given, award full marks regardless of working. Accept reasonable rounding from full calculation (e.g. 17/6= 2.833) Award the mark for 0.172 and 0.0591 where they have not multiplied by 100 for the % change in number of bus journeys or % change in income Award 3 marks for 2.92%	(4)

Question	Explain the impact of the introduction of this indirect tax on the market for paperback books sold online in Vietnam. Illustrate your answer with an appropriate diagram.	Mark
Answer		
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 indirect tax e.g.: tax on expenditure/spending/goods and services (1) Application 1 mark for pivoting supply to the left (1) Analysis Up to 2 marks for explaining or showing diagrammatically an impact e.g.: - Price rises/ from P_e to P_1 (1) - Quantity falls/ from Q_e to Q_1 (1) - Government revenue is $BFGP_1$ (1) - Producer incidence is $HFGP_e$ (1) - Consumer incidence is BHP_eP_1 (1) - Producer surplus decreases (1) from CEP_e to BEP_1 (1) - Consumer surplus decreases (1) by BCP_eP_1 (1)/ ACP_e to ABP_1 (1) OR - Consumer surplus ACP_e to ABP_1 (1+1)	(4)

Question Number	Rimac manufacture electric cars. With the first model, the Concept_One, an individual worker was responsible for building each car from start to finish. Only seven were manufactured. In 2017 €30 million was spent on developing a factory which would use the division of labour to manufacture 200 Concept_Two cars. With reference to the market for car manufacturing, explain one benefit of the 'division of labour'.	Mark
8	Knowledge 2, Application 2 Knowledge Up to 2 marks 1 mark for defining 'the division of labour' e.g. The division of labour is where the production process is broken down into stages and each worker focuses on a specific task (1). Up to 2 marks for explaining one benefit, e.g. • Less training is required (1) as workers will only need to be trained on one task (1). • Productivity will increase (1) as workers do not have to keep changing tools/ as workers become highly skilled at specific tasks (1). • Capital may replace workers (1) saving on labour costs (1). Application Up to 2 marks for applying to the market for car manufacture, e.g.: • Production of cars increases from 7 to 200 cars (1) • Rather than training staff how to put together all components of the car (1) you can spend less time training on a specific task such as fitting the windscreen (1). • Rimac can put in place a production line where some tasks will be completed by robots/capital (1) which can be cheaper to run when compared to paying wages (1).	(4)