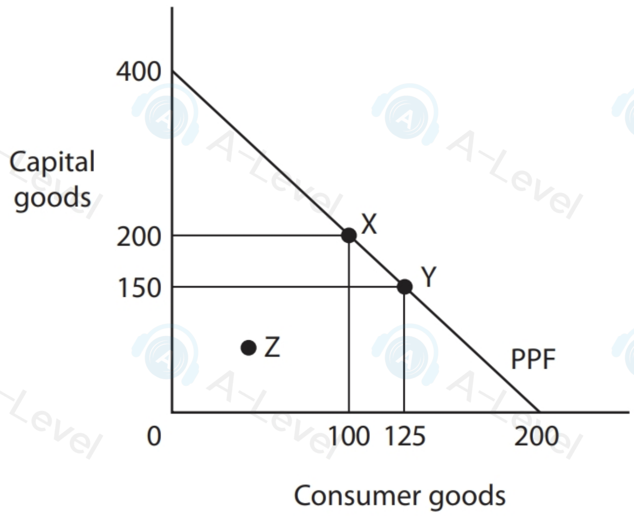
4 The diagram shows the production possibility frontier for an economy currently operating at point X.



Which **one** of the following can be deduced from the diagram?

☒ **A** Point Z is unobtainable when using all available resources

☒ **B** Point Y would generate higher economic growth than point X

☒ **C** The movement from point X to point Y has an opportunity cost of 50 capital goods

☒ **D** The movement from point X to point Y has an opportunity cost of 25 consumer goods

(Total for Question 4 = 1 mark)

2 In April 2018, the Singapore Government passed a law allowing consumers to change electricity providers. Most consumers have not switched their electricity provider despite the opportunity to save, on average, 20% on their bills.

Which **one** of the following could explain this behaviour?

☒ **A** Consumers are good at computation

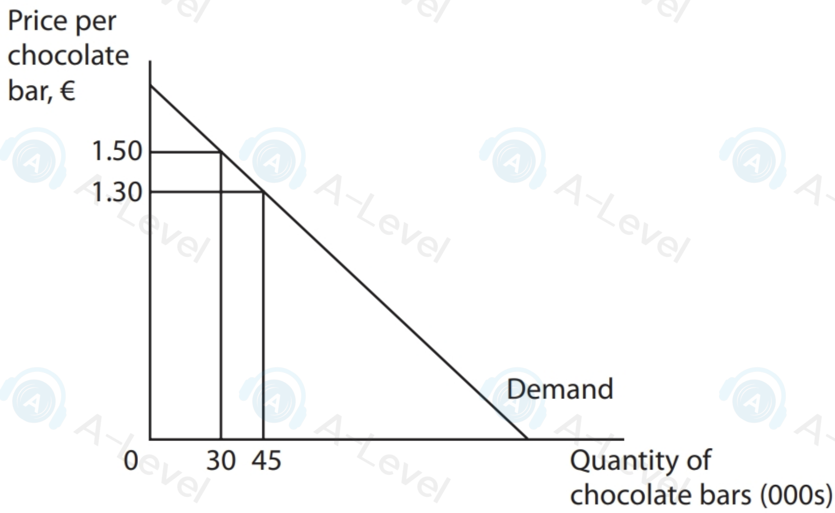
☒ **B** Consumers aim to maximise their utility

☒ **C** Consumers are influenced by the behaviour of others

☒ **D** Consumers feel undervalued by their current provider

(Total for Question 2 = 1 mark)

4 The diagram shows the demand curve for a chocolate bar in Spain.



Retailers reduce the price of the chocolate bar from €1.50 to €1.30.

Which **one** of the following can be deduced from the diagram?

☒ **A** Total revenue will rise by €13 500

☒ **B** Total revenue will rise by €58 500

☒ **C** Total revenue will decrease by €6 000

☒ **D** Total revenue will decrease by €45 000

(Total for Question 4 = 1 mark)

1 Which **one** of the following will cause a movement along the demand curve in the market for rice?

☒ **A** An increase in the global population

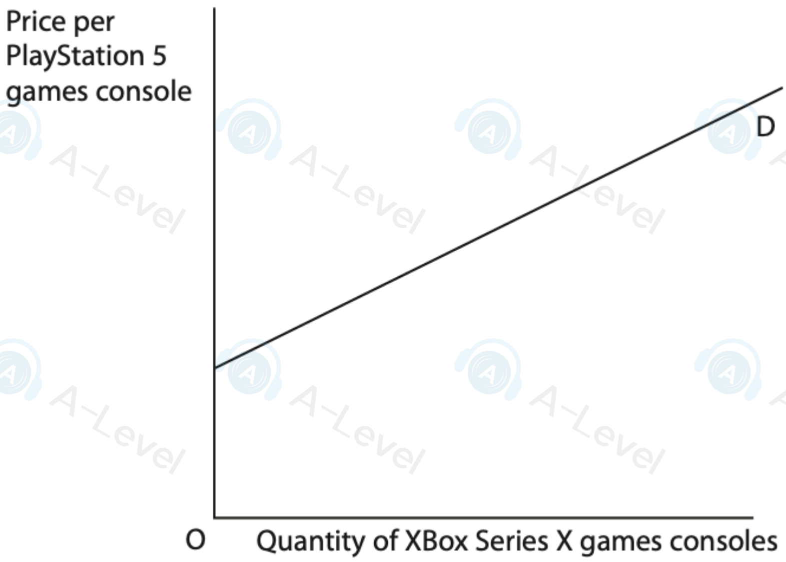
☒ **B** An increase in real incomes

☒ **C** A decrease in the price of noodles

☒ **D** A decrease in the price of rice

(Total for Question 1 = 1 mark)

6 The diagram illustrates the relationship between the price of PlayStation 5 games consoles and the quantity demanded of Xbox Series X games consoles.



Which **one** of the following can be deduced from the diagram about the relationship between PlayStation 5 games consoles and Xbox Series X games consoles?

☒ **A** They are substitutes

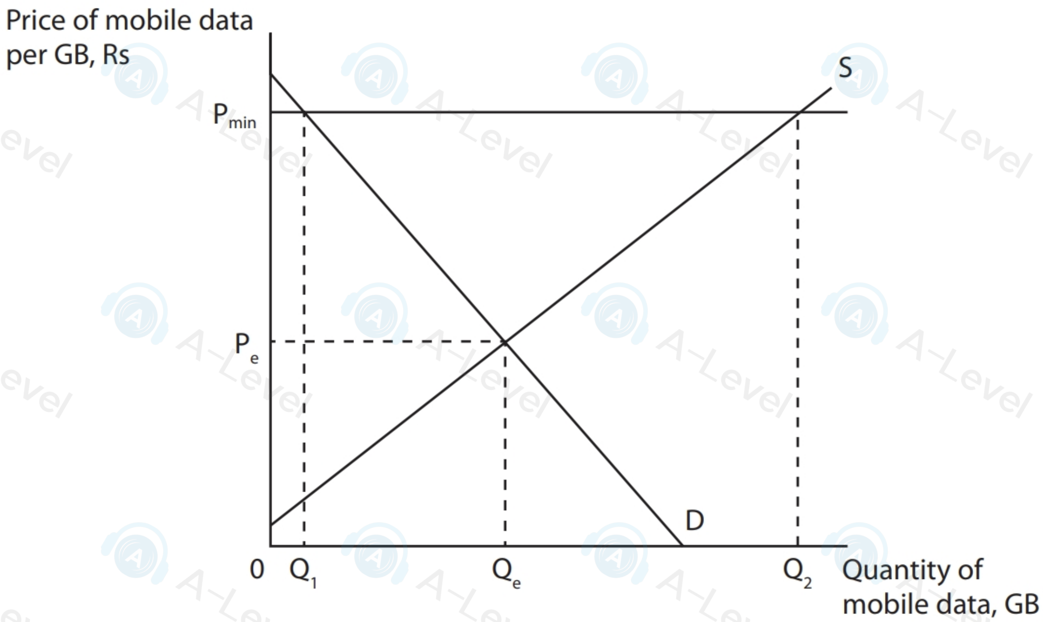
☒ **B** They are complements

☒ **C** They are unrelated goods

☒ **D** They are inferior goods

(Total for Question 6 = 1 mark)

5 In India, Vodafone has requested that the government imposes a minimum price for mobile data of Rs35 per gigabyte (GB). The current market price is Rs5. The diagram shows the possible impact of a minimum price introduced at Pmin.



Which **one** of the following can be deduced from the diagram following the imposition of the minimum price?

- **A** Excess supply is Q_1Q_2
- **B** Excess demand is Q_1Q_2
- **C** Supply contracts from Q_e to Q_2
- **D** Demand extends from Q_e to Q_1

(Total for Question 5 = 1 mark)

10 In September 2017, Centrica increased the price of gas and electricity by 12.5%. Before the price rise Centrica had 12 800 000 customers but this fell by 800 000 after the price increase.

Ceteris paribus, calculate the price elasticity of demand for gas and electricity from Centrica. Show your workings.

11 Between January 2020 and May 2020 the price of bananas charged by retailers in the USA increased from \$1.17 to \$1.30 per kg. This was mainly caused by increased costs of transportation from banana growers to markets in North America.

Explain the likely impact of this change in price on consumer surplus.

Illustrate your answer with a diagram.

8 In 2020 the German city of Munich had the highest risk of a housing market bubble in the world. Between 2010 and 2020 the average price of a house more than doubled.

With reference to Munich's housing market, explain what is meant by a 'market bubble'.

8 Between 1970 and 2020 the Maldives experienced 30 major flood events. One contributing factor was under-investment in flood defences.

Builders of new hotels are required to complete extensive paperwork to show how they plan to minimise flood risk. This results in excessive administrative costs.

With reference to the Maldives, explain the difference between 'market failure' and 'government failure'.

9 The table shows the estimated external costs of pollution per capita in selected countries.

Country	External cost of pollution per capita ($)
Germany	950
USA	1 200
South Africa	1 300
Brazil	1 500

With reference to the table, explain **one** reason why the external costs of pollution might be different between these countries.

(Total for Question 9 = 4 marks)

13 In 2019 the price of a litre of diesel was 65% higher in Thailand than in Malaysia. The price difference was because of higher taxation on diesel in Thailand. This led to illegal smuggling. For example, on one night, Thai authorities seized 300 000 litres of diesel that was illegally imported from Malaysia.

Evaluate possible causes of government failure in a market of your choice.

(Total for Question 13 = 20 marks)