

2.11 Mixed Economic System

Question Paper

Course	CIEIGCSE Economics
Section	2. The Allocation of Resources
Topic	2.11 Mixed Economic System
Difficulty	Medium

Time allowed: 40
Score: /33
Percentage: /100

Question 1

State why India is a mixed economy.

Refer to the [source material](#) in your answers.

[2 marks]

Question 2

In May 2017, the price of olive oil rose by more than 10%. This was caused by a drought in Greece, Italy, Spain and Tunisia, the major producing countries. Global supply was forecast to fall by 14% in 2017. Demand for olive oil fell in Europe, but rose in a number of other countries including Australia, Brazil and China. Some basic food items, including bread and rice, are taxed in some countries but are subsidised in other countries.

Discuss whether or not the government should influence the production of basic food items, such as bread or rice

[8 marks]

Question 3

In a mixed economic system, such as Portugal's, the government intervenes in the economy. Reasons for government intervention include to correct market failure and to achieve its aims for the economy, such as control of inflation. In 2017, one-fifth of Portugal's population was living in poverty and the government increased its spending

Explain how resources are allocated in a mixed economic system

[4 marks]

Question 4

Discuss whether or not increasing taxes on Russian oil producers will be harmful to those producers.

Refer to the [source material](#) in your answers.

[5 marks]

Question 5

In England football stadiums are usually built and financed by the private sector, but in some countries the stadiums are built and financed by the government. Many football stadiums in the English Premier League are full on match days. In the short run the supply of seats is perfectly inelastic. The football clubs could actually raise prices, still sell their tickets and so raise their profits. Premier League footballers currently receive very high wages.

Discuss whether or not a government should spend some of its tax revenue on building sports stadiums.

[8 marks]

Question 6

More governments are imposing taxes on unhealthy food and drinks. Such taxes are usually regressive. Some of these governments are also increasing their spending on healthcare. In other countries healthcare is provided by the private sector. The number of state-owned enterprises is declining in a number of countries due to privatisation.

Analyse why a government imposes taxes.

[6 marks]

