

# 2.9 Market Economic System

## Question Paper

|            |                                |
|------------|--------------------------------|
| Course     | CIEIGCSE Economics             |
| Section    | 2. The Allocation of Resources |
| Topic      | 2.9 Market Economic System     |
| Difficulty | Medium                         |

**Time allowed:** 40  
**Score:** /26  
**Percentage:** /100

### **Question 1**

The use of supply-side policy measures, including deregulation, is moving China closer to a market economic system. Some supply-side policy measures, such as education and subsidies, can also increase a country's economic growth rate. China joined the World Trade Organisation in 2001 and has since removed some quotas on imports and reduced some import tariffs. These measures may influence the size of its current account surplus.

Explain **two** benefits consumers may gain from a market economic system.

**[4 marks]**

### **Question 2**

Non-renewable energy (e.g. coal) is thought to cause a higher social cost than renewable energy (e.g. solar or wind power). Excessive demand for non-renewable energy causes a failure of the market economic system. However, producers of renewable energy, some of which specialise in one form of energy, are beginning to produce on a larger scale.

**Discuss** whether or not the operation of a market economic system is harmful to an economy.

**[8 marks]**

### **Question 3**

Botswana has a number of conservation projects. These are thought to provide a social benefit to local communities. Botswana has a mixed economic system with tax revenue as a percentage of GDP at 27% in 2017. Some Botswanan economists suggest that the country should move towards a market economic system, taking care to avoid market failure.

**Discuss** the advantages and disadvantages of a market economic system.

**[8 marks]**

**Question 4**

Discuss whether or not a market system benefits consumers.

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

**[6 marks]**