1.28 Economic Systems: Market, Mixed and Planned Economies: 10-minute Pack

AQA 7136 · Calculators not allowed · about 10 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer all questions. Allow about 10 minutes. Write working where calculations or stepwise reasoning are required.

1 Explain how a command economy typically answers the 'for whom' question, and identify one equity advantage and one efficiency disadvantage of that approach.

(Total for Question 1 is 4 marks)

2 Define a planned (command) economy in the context of how it answers the what/how/for whom questions.

(Total for Question 2 is 2 marks)

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Mark scheme · 1.28 Economic Systems: Market, Mixed and Planned Economies: 10-minute Pack

Question 1

command economies allocate output to groups according to the plan or political priorities, e.g. basic needs, strategic industries or equal provision regardless of ability to pay	**M1**
equity advantage: can prioritise universal provision or redistribution to achieve greater equality or guaranteed access to essentials	**A1**
efficiency disadvantage: central allocation can ignore consumer preferences and price signals, causing misallocation where goods consumers value less are produced instead of those they want more	**M1**
gives rise to shortages, surpluses and wasted resources due to imperfect information and weak incentives	**A1**

Answer: Planners decide who gets output according to policy priorities, which can improve equity by guaranteeing basic needs but can reduce efficiency by ignoring consumer preferences and market signals, causing misallocation.

Question 2

an economy in which resource allocation decisions are made centrally by the state or planning authority rather than by markets	**B1**
state ownership of major resources and production targets set centrally to determine what, how and for whom to produce	**B1**

Answer: An economy where a central authority decides resource allocation and production, with state ownership and planning used to answer what, how and for whom to produce.

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