1.29 Exam Technique: Extended Essays on Rational Choice and Utility Theory: 30-minute Pack

AQA 7136 · Calculators not allowed · about 30 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer all questions. Show any planning for essays clearly.

1 Practice Essay 1, 20 marks. Evaluate the view that the law of diminishing marginal utility is sufficient to explain why individual demand curves slope downwards.

(Total for Question 1 is 20 marks)

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Mark scheme · 1.29 Exam Technique: Extended Essays on Rational Choice and Utility Theory: 30-minute Pack

Question 1

Level 1 Basic knowledge of the law of diminishing marginal utility with little application to demand, minimal structure and no balanced evaluation. May include an unlabelled or missing diagram. **1-5**

Level 2 Accurate explanation of diminishing marginal utility and a simple link to why demand falls as price rises, with at least one clear diagram. Limited evaluation or unbalanced discussion, and the judgement is weak or unsupported. **6-10**

Level 3 Good analysis linking diminishing marginal utility to the downward slope of demand, including mechanism and diagram annotation. Some evaluation of alternative explanations or limitations, and a supported but not fully developed judgement. **11-15**

Level 4 Comprehensive answer: explains the mechanism clearly, correctly uses marginal utility per pound reasoning to derive demand, includes a well-labelled diagram, considers alternative explanations and limitations, and reaches a balanced, well-supported judgement. **16-20**

Indicative content:

- Definition of marginal utility and the law of diminishing marginal utility
- Mechanism: as consumption of a good increases MU falls, so consumers require a lower price to buy additional units, linking MU to willingness to pay
- Argument that MU per pound equalisation across goods implies substitution when price changes, giving a downward-sloping demand curve
- Diagram: price vertical, quantity horizontal, downward-sloping demand curve, annotation linking movement along curve to falling MU
- Limitations and evaluation: other reasons for downward slope such as income effects, substitution effects independent of MU, diminishing marginal rate of substitution in indifference-curve framework, and empirical evidence from behavioural economics
- Consideration of cases where MU explanation is weak: multi-attribute goods, corner solutions, habitual goods, or where utility is not cardinal
- Conclusion: balanced judgement that MU offers a clear micro-foundation for demand but is not the sole explanation and sometimes fails empirically

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