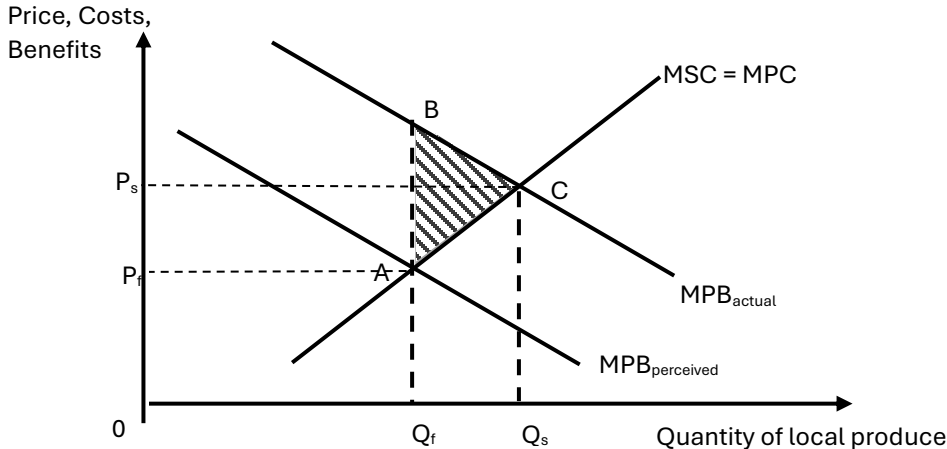
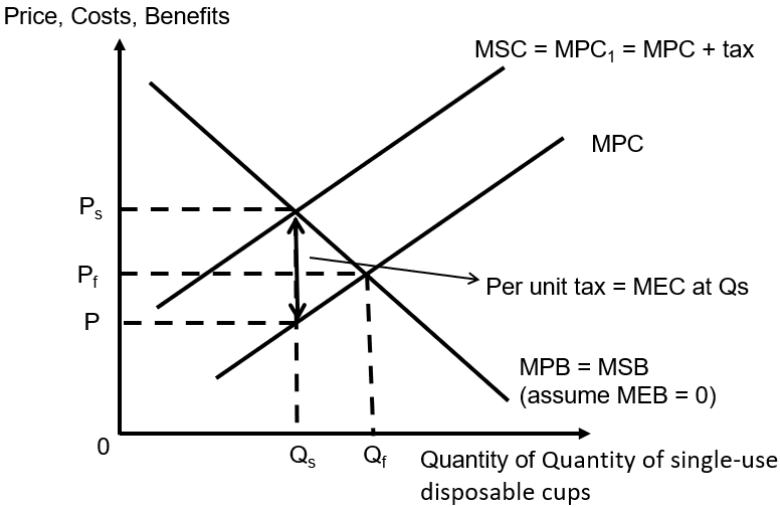
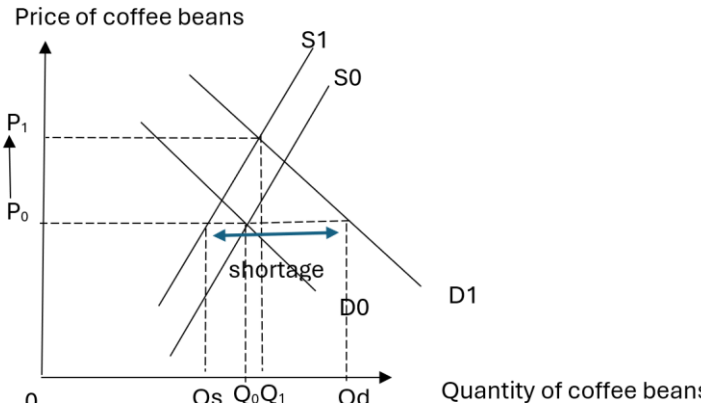


5Suggested answer to 2025 A Level H1 Paper 1 CSQ 1

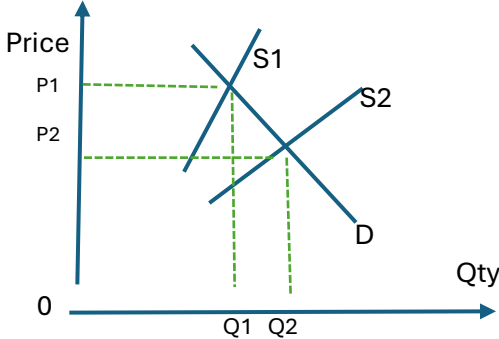
(a)	With reference to Figure 1, suggest a possible reason for the difference in the share of Singapore's agricultural imports from Malaysia and from the United States.	[2]
	Difference in share of imports [1m]: With reference to Figure 1, Malaysia accounts for 21% of Singapore's agricultural imports, while United States accounts for only 9%. Reason [1m]: The reason for a significantly higher share of imports from Malaysia as compared to that from United States is likely to be due to closer geographical proximity.	
(b)	With reference to Extract 1,	
	(i) use a diagram to explain how information failure affects the demand for local produce.	[3]
	Identify the information failure [1m]: $MPB_{\text{perceived}}$ is less than MPB_{actual} Explanation [1m] : Consumers may decide to buy local produce due to their freshness but they have difficulty in identifying the information they need to determine whether the produce in stores is locally grown or imported. Consequently their $MPB_{\text{perceived}}$ for locally produced goods may be lower than their MPB_{actual}. This causes the demand for local produce to be lower than it would be if consumers had full information, leading to an underconsumption of local produce at Q_f compared to the socially efficient quantity of local produce, Q_s. Diagram [1m]  Fig. 1	

	(ii) explain how the above would affect two functions of price in allocating resources in the local produce market.	[4]
	Information failure, firstly, distorts the signalling function [1]. Prices signal information to producers and consumers. Due to information failure, the demand for local produce would be lower than it should be. The lower demand results in a lower equilibrium price which signals to local farmers that local produce is not highly valued by consumers, thereby reducing the resources allocated to local produce market. [1] Secondly, information failure also affects the incentive function [1]. The lower price resulting from the lack of information reduces the potential profit margins for local farmers and that would disincentivise local farmers from allocating more factors of production in the local produce market. [1]	
(c)	Given the price elasticity of demand for coffee expressed in Extract 4, explain the likely impact on the revenue of the coffee retailer that has increased the price of its coffee subscription service.	[2]
	The demand for coffee is said to be price inelastic (Extract 4). When the coffee retailer increases the price of its coffee subscription service, the quantity demanded for coffee falls less than proportionately [1] The gain in revenue due to the higher price outweighs the loss in revenue from the fall in the number of subscribers, thus the revenue of the coffee retailer is likely to increase. [1]	
(d)	With reference to Extract 4, explain why Scotland is considering a charge on single-use disposable cups.	[5]
	The free market originally produces at Q_f where $MPC=MPB$. A tax equal to the marginal external cost at Q_s (P_sP per unit) is imposed by the government. The tax makes the private firm internalise the negative externality in their decision making. [1] Firms' cost of production rises because of the tax. The increase in cost of production is typically passed on to the consumer. As a result of the tax, there will be an increase in price of single-use disposable cups. This causes the consumers' MPC to shift up to MPC_1. [1] With higher costs, consumers are no longer maximising their net benefits at Q_f as $MPC_1 > MPB$. Rational consumers will lower consumption until Q_s where	

	MPC₁=MPB, to maximise their net benefit. As such, overconsumption is removed, and the market produces at the socially optimal level. [1] This eliminates the deadweight loss and allocative efficiency is achieved in the market. [1] Thus, a charge on disposable cups can be effective in reducing consumption of single-use disposable cups and “encouraging consumers to switch from single-use to reusable cups” (Extract 4) Diagram [1]  Fig 1	
(e)	Extract 3 makes predictions regarding changes in the global supply and demand for coffee beans. Using a supply and demand diagram, explain and comment on the likely impact of these changes on the global market for coffee beans.	[6]
	Explain the changes in the global supply and demand for coffee beans [4] Given that arabica coffee accounts for 70% of coffee beans traded globally and global temperatures increase will cause the decline in its yield (Extract 3). This suggests that there is a fall in global supply of coffee beans due to unfavourable weather conditions, supply curve shifts left from S₀ to S₁. On the other hand, global demand for coffee beans has been increasing at a rate of 2% per year (Extract 3), thus increase in global demand for coffee shifts the demand curve to the right from D₀ to D₁. (Fig 1) [Price Adjustment Process] At P₀, the quantity demanded for coffee beans is greater than quantity supplied of coffee beans, thus there is a shortage which leads to an upward pressure on price of the coffee beans. As price of coffee beans increases, quantity demanded falls and quantity supplied increases until the shortage clears at	

	the new equilibrium where both equilibrium price and equilibrium quantity of coffee beans increase. its production is unable to meet demand, it and the stocks of arabica coffee beans are falling, Comment [2] Given that storage costs of arabica coffee beans are high, PES of arabica beans is likely to be less than one which is likely to bring out a sharp increase in the price of arabica coffee beans when the demand for coffee beans increases. However, this could be mitigated by the cultivation of liberica (another coffee species) which is more climate resilient (Extract 3) to meet the rising global demand for coffee beans.  Fig 1			
(f)	Discuss whether the intended consequence of Singapore's '30 by 30' initiative (Extract 1) for the agricultural products market would likely outweigh the potential unintended consequences.	[8]		
<u>Question Interpretation</u> <table><tr><td>Command</td><td>Discuss whether... intended consequence.. likely outweigh potential unintended consequences – explore these two perspectives and come to a reasoned conclusion</td></tr></table>			Command	Discuss whether... intended consequence.. likely outweigh potential unintended consequences – explore these two perspectives and come to a reasoned conclusion
Command	Discuss whether... intended consequence.. likely outweigh potential unintended consequences – explore these two perspectives and come to a reasoned conclusion			

Content	To identify and explain at least one intended and one unintended consequence of Singapore's '30 by 30' initiative. R1: Start Point: Reduced reliance on imported food → Tool of Analysis: Effective DD/SS → End Point:intended consequences R2: Start Point: Possible negative impact on low-income households → Tool of Analysis: Effective DD/SS → End Point: unintended consequences									
Context	30 by 30 initiative									
Approach	<table><tr><td colspan="2">Intro: Key definitions of concepts. 1 liner overview.</td></tr><tr><td>R1: Reduced reliance on imported food</td><td>R2: Possible negative impact on low-income households</td></tr><tr><td>E1: Extent of impact on SG</td><td>E2: Extent of impact on SG</td></tr><tr><td colspan="2">Conclusion: Stand, Substantiation, Something Special</td></tr></table>		Intro: Key definitions of concepts. 1 liner overview.		R1: Reduced reliance on imported food	R2: Possible negative impact on low-income households	E1: Extent of impact on SG	E2: Extent of impact on SG	Conclusion: Stand, Substantiation, Something Special	
Intro: Key definitions of concepts. 1 liner overview.										
R1: Reduced reliance on imported food	R2: Possible negative impact on low-income households									
E1: Extent of impact on SG	E2: Extent of impact on SG									
Conclusion: Stand, Substantiation, Something Special										

<u>Introduction:</u> The '30 by 30' initiative aims to enhance Singapore's food security and stabilize prices by sourcing 30% of nutritional needs locally by 2030. However, shifting away from international markets to rely on domestic production may trigger unforeseen economic consequences as this answer will attempt to elaborate on.	
<u>R1:</u> 	CD4/5: Well drawn and well referenced diagram

	The '30 by 30' initiative enhances Singapore's food security by expanding local urban farming, which reduces the nation's high vulnerability to external supply disruptions like climate change or geopolitical tensions. In the long run, this boost in domestic production shifts the food supply curve rightward, from S1 to S2. At original price, P1, there is surplus that creates downward pressure on prices. This then lowers equilibrium price from P1 to P2 while increasing available quantity from Q1 to Q2. This larger production capacity also makes the food supply more price-elastic (yielding a gentler supply curve), ensuring that future spikes in demand from a growing population will cause smaller, less volatile price increases. Ultimately, these lower and more stable food prices directly benefit Singaporean households, particularly lower-income earners who allocate a larger share of their income to food. Making food more affordable improves social equity and raises the material standard of living. Furthermore, because local produce is associated with superior freshness and quality, the initiative also boosts the non-material standard of living for consumers who highly value those attributes.	A2 – topic sentence addresses the question C1, C2 – relevant examples applied to the context and concepts in the question CD1 – good use of relevant tool of economic analysis CD2 – correct causal-effect explanation
	<u>Evaluation on R1:</u> The positive impact of the initiative will be extensively reaped by all households in Singapore, particularly low-income groups who receive immense targeted government support. Consequently, the intended benefits of enhanced food security, lower prices, and improved equity will largely lift the entire population.	EV1 – ev point relevant to context and focus of the qn EV2 – use relevant econ terms in explanation and elaboration of ev point
	<u>R2:</u> However, implementing the '30 by 30' initiative may result in unintended consequences as well. First, shifting away from "trusted international suppliers" may lead to higher food prices. Singapore imports from countries like Malaysia and Thailand, which are likely able to produce food at a comparatively cheaper price than Singapore, due to land	A2 – topic sentence addresses the question

	abundance and lower labour costs. In comparison, Singapore's local urban farms, such as those using vertical farming techniques, may face higher average costs due to limited scale and high technology costs. If local produce ends up being significantly more expensive, it could negatively impact equity for low-income consumers. They might struggle to access a range of healthy food products, worsening their material standard of living. Additionally, there is an opportunity cost regarding land use. Utilising land for farming prevents use for other potential developments, such as demarcating it for future residential or commercial real estate developments, which may be a more productive use of land as they could bring in revenue, contribute to the nation's real GDP and economic growth.	C1, C2 – relevant examples applied to the context and concepts in the qn CD1 – good use of relevant tool of economic analysis CD2 – correct causal-effect explanation
	<u>Evaluation on R2</u> While these unintended economic costs are valid concerns, the Singapore government actively minimizes their negative impacts through strategic planning and targeted support. The threat of higher local food prices is heavily mitigated by the government's intent to aggressively fund agri-tech innovation and subsidize production, ensuring that local produce remains affordable and accessible to protect the material standard of living of lower-income households.	EV1 – ev point relevant to context and focus of the qn EV2 – use relevant econ terms in explanation and elaboration of ev point
	<u>Summative Evaluation</u> In conclusion, the long-term benefits of national food security and supply stability outweigh the unintended economic costs for a small, import-reliant nation like Singapore. While potential food inflation from domestic production is a valid short-run concern, the government can carefully manage this transition by subsidizing local production costs. This strategic intervention ensures that lower-income groups are protected from rising prices, allowing all households to safely reap the rewards of a secure food supply.	EV3 – clear stand that directly answers the questions

	Knowledge, Understanding, Interpretation, Application and Analysis		
	Level	Descriptors	Marks
	L2	Responses in this level will provide detailed analysis on R1 and R2 in the context of Singapore, showing excellent ability to describe and explain relevant economic concepts, theories, and principles in a precise, logical and reasoned manner, with good use of extract evidence.	4-6
	L1	Responses in this level will have some limited understanding of R1 and R2. There may be some basic content errors and limited or no application of economic concepts, theories and principles to the context of Singapore.	1-3
	Level	Descriptors	Marks
	E2	One well explained evaluative statement or two weakly explained evaluative statements and a short summative conclusion that addresses the question.	2
	E1	One evaluative statement that may be generic, weakly explained or not supported by the arguments presented in the answer.	1

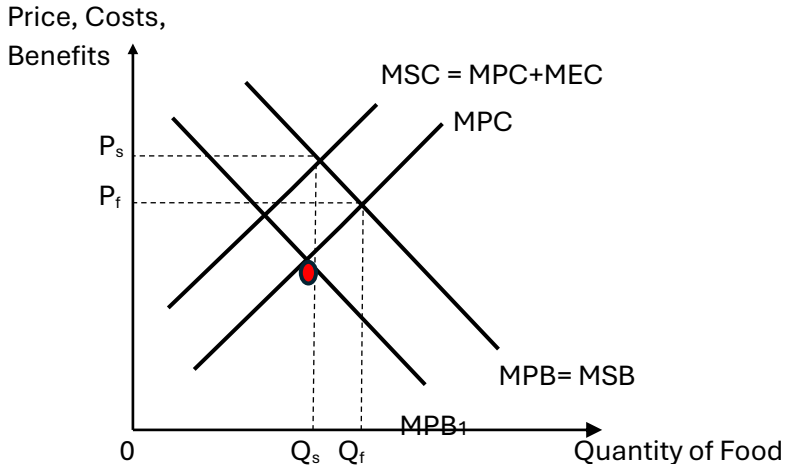
(g)	Discuss the view that the better way for governments to minimise the market failure arising from food wastage is through education rather than subsidies.	[10]
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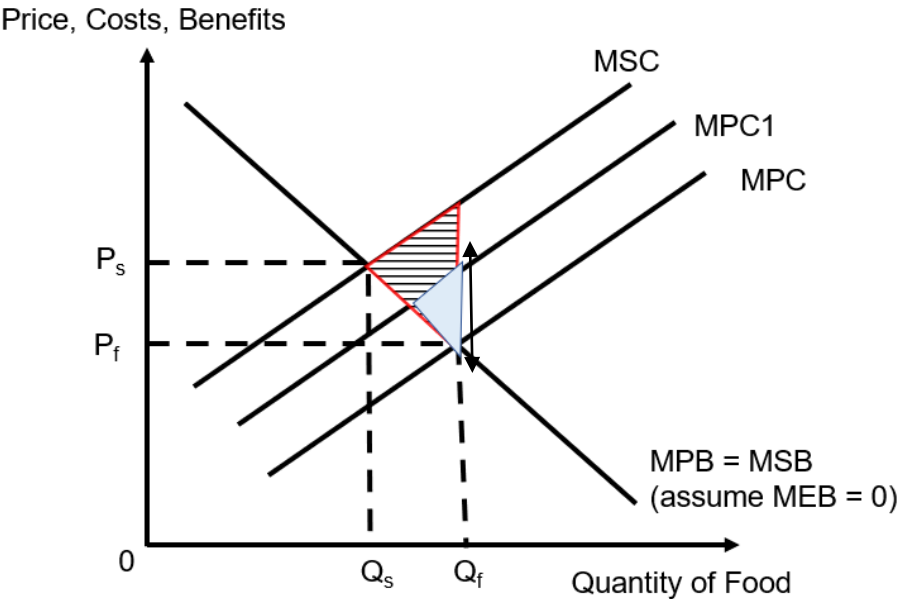
Question Interpretation

Command	Discuss – evaluate the policy of education and subsidies	
Content	Policies to minimise market failure arising from food wastage – i.e. policies to reduce negative externalities caused by food wastage to achieve allocative efficiency. R1: Start Point(s) Policy 1 : Education to minimise food wastage ➔ Tool of Analysis Externality, MEC, MPC, MSC ➔ End Point(s) Effect on over-consumption, deadweight loss and Social efficient level MSC=MSB R2: Start Point(s) Policy 2 : Subsidies to minimise food wastage ➔ Tool of Analysis Externality, MEC, MPC, MSC ➔ End Point(s) Effect on over-consumption, deadweight loss and Social efficient level MSC=MSB	
Context	Market for food	
Approach	R1: Policy 1 Education to improve resource allocation	R2: Policy 2 Subsidies to improve resource allocation
	E1: Limitations of Education	E2: Limitations of subsidies

Suggested answer:

Introduction: Market failure occurs when the free market/ price mechanism fails to bring about an efficient allocation of resources. It occurs where the marginal social benefit does not equal marginal social cost. As in many countries, food waste is an issue in Singapore where the amount of food waste generated has increased by 20% over the last 10years (Extract 2) In order to minimise the market failure arising from food wastage, the government may implement policies through education and subsidies.	
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	R1: Through education, the government can address the negative externalities arising from food waste which stems from an overconsumption of food. Education through “campaigns by NEA to reduce food waste” (Extract 2) will prevent food waste by cutting the excessive demand for food.  Fig 1. Through education, the government hopes to create greater awareness and change consumers' habits in order to shift consumer preferences away from buying and consuming excessive food which inevitably leads to food waste. With reference to Fig 1, MPB falls from MPB1. If MPB falls by the full extent of MEC, then at Qf, MPB1 < MPC. A rational consumer would reduce the quantity of food consumed from the free market equilibrium quantity, Qf to the socially efficient quantity of food, Qs. Thus, overconsumption of food is reduced and negative externalities generated from food waste and deadweight loss are eliminated.	A2 – topic sentence addresses the question C1, C2 – relevant examples applied to the context and concepts in the question CD4 – well labelled relevant diagram CD5 – refer to diagram in explanation CD1 – good use relevant tool of economic analysis CD2 – correct causal-effect explanation
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	<u>Evaluation on R1:</u> However, education which attempts to change consumers' habits of consuming excessive food in order to reduce food waste requires a long time. In addition, the food culture and Singaporeans' love for food may result in their MPB to fall only a lesser extent, which is not significant enough to reach the socially efficient quantity of food. Other than education, there could be a need to incentivise consumers to reduce food waste.	EV1 – ev point relevant to context and focus of the qn EV2 – use relevant econ terms in explanation and elaboration of ev point
	<u>R2:</u> The government may give subsidies to encourage recycling food waste efforts. By giving incentives to both producers and consumers to recycle food waste, the quantity of food waste is reduced. This reduction in food waste will minimise the market failure arising from food waste as improper food waste may lead to air and water pollution from landfills.  Fig 1 With reference to Fig 1, subsidies given consumers by the government will reduce the extent of marginal external cost, thereby reducing the deadweight loss, which directly minimise market failure arising from food waste. Given that the food waste recycling rate would remain	A2 – topic sentence addresses the question C1, C2 – relevant examples applied to the context and concepts in the qn CD4 – well labelled relevant diagram

low over the next few years (Extract 2), subsidies to recycle food would likely incentivise recycling efforts by both food producers and consumers.	CD5 – refer to diagram in explanation CD2 – correct causal-effect explanation
<u>Evaluation on R2</u> However, subsidies to encourage food recycling efforts are funds which the government need to allocate for such efforts. Depending on the government budget position, the funds allocated for recycling food waste may not be sufficient to encourage recycling food wastage as the volume may not be worth the inconvenience of recycling food instead of throwing away the excessive food.	EV1 – ev point relevant to context and focus of the qn EV2 – use relevant econ terms in explanation and elaboration of ev point
<u>Summative evaluation</u> In conclusion, the view that the better way for governments to minimise the market failure arising from food wastage is through education rather than subsidies is more appropriate in the long term. In the short run, subsidies are likely to work more speedily to get producers and consumers to take recycling food wastage more seriously. Education would be more effective in targeting the root cause of food wastage as it could prevent food from being thrown away in the first place. On the whole, there is no single solution to minimising market failure arising from food wastage and both short run and long run solutions are necessary and it would also require all economic agents to work together.	EV3 – clear stand that directly answers the questions

Knowledge, Understanding, Interpretation, Application and Analysis			
Level	Analysis Level	Descriptors	Marks
L2	A+A A+C C+C C+K/0 A	Responses in this level will provide detailed analysis on policy of education that discourages food wastage and the alternative policy of subsidies to encourage recycling of food wastage, showing excellent ability to describe and explain relevant	4-7

	C	economic concepts, theories, and principles in a precise, logical and reasoned manner, with good use of extract evidence.	
L1	K+K K	Responses in this level will have some limited understanding of policy of education and subsidies to minimise market failure arising from food wastage. There may be some basic content errors and limited or no application of economic concepts, theories and principles to the context of food wastage.	1-3

Evaluation

Level	Descriptors	Marks
E3	One well explained evaluative statement or two generic, weakly explained evaluative statements which are supported by the arguments presented in the answer. and a summative conclusion that addresses the question.	3
E2	One well explained evaluative statement or two generics, weakly explained evaluative statements which may not be supported by the arguments presented in the answer.	2
E1	One evaluative statement that may be generic, weakly explained or not supported by the arguments presented in the answer.	1

[Total: 40]