



## **Economics Questions By Topic:**

### **Types of Economies (1.1.6)**

### **A-Level Edexcel Theme 1**

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**SECTION A**

**Write your answers in the spaces provided.**

**1** (a) Define the term 'free market economy'.

(1)

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(b) Explain **one** advantage of a free market economy compared to a command economy.

(2)

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**(Total for Question 1 = 4 marks)**

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2 Free market economics is being challenged. The arguments for and against are being increasingly discussed within many countries.

(a) Explain how resources are allocated in a free market economy.

(2)

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(b) Which **one** of the following statements is true?

(1)

- A** Friedrich Hayek believed that the government should subsidise inefficient firms
- B** Friedrich Hayek was a key advocate of command economies as a way of allocating resources
- C** Karl Marx advocated allocating resources via the free market
- D** Karl Marx criticised the private ownership of factors of production

**(Total for Question 2 = 3 marks)**

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