

Mark Scheme

Q1.

Question Number	Which one of the following products has a price inelastic demand?	Mark
	<p>Answer</p> <p style="text-align: center;">AO2 1 mark</p> <p>The only correct answer is: C Y -0.5</p> <p>A is not correct because it shows elastic demand B is not correct because this shows unitary elasticity D is not correct because the responsiveness is equal</p>	(1)

Q2.

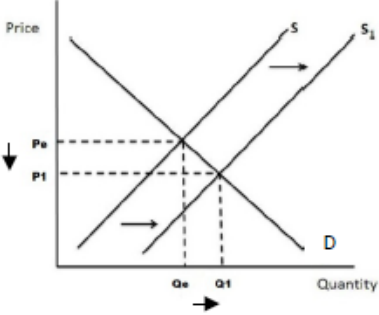
Question number	Answer	Mark
	<p style="text-align: center;">AO1 2 marks</p> <p>Award 1 mark for reference to a negative impact and 1 mark for reference to third party</p> <p>A negative effect (1) imposed on a third party (1)</p> <p>Accept any other appropriate response</p>	(2)

Don't use the term 'cost' in your definition

Q3.

Question number	Answer	Mark
	<p style="text-align: center;">AO1 1 mark</p> <p>The only correct answer is: D Sales assistant</p> <p>A is not correct because this role is in the primary sector B is not correct because this role is in the secondary sector C is not correct because this role produces primary products</p>	(1)

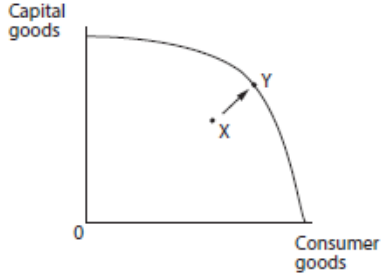
Q4.

Question Number	Using the diagram below, draw the likely effects on the market for cars of the introduction of more effective technology in production. Label the new curve, the new equilibrium price and the new equilibrium quantity.	Mark
Answer	<p style="text-align: center;">A02 3 marks</p> <p>Award 1 mark for rightward shift of supply, labelled Award 1 mark for lower equilibrium price, labelled Award 1 mark for higher equilibrium quantity, labelled</p> 	(3)

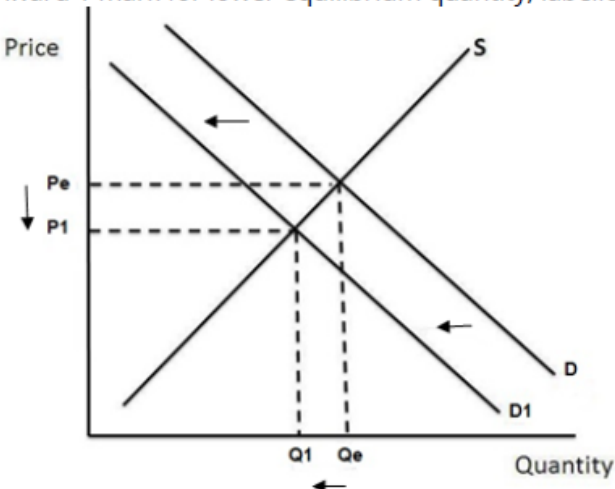
Q5.

Question number	Answer	Mark
	<p style="text-align: center;">A02 3 marks</p> <p>Award 1 mark for identifying a relevant effect Award 1 mark for developing the effect Award 1 mark for the response being in context</p> <ul style="list-style-type: none"> • A price decrease would increase quantity demanded (1). A decrease from \$2.32 to \$2.22 results in more units (1) because it becomes more competitive compared to substitutes (1) • A price increase would decrease quantity demanded (1). An increase from \$2.32 to \$2.42 results in fewer units (1) because there would be a movement along the demand curve (1) <p>Accept any other appropriate response</p>	(3)

Q6.

Question number	Answer	Mark
	<p style="text-align: center;">A02 3 marks</p> <p>Award 1 mark for drawing a production possibility curve (PPC) with correctly labelled axes. Award 1 mark for drawing point X below PPC. Award 1 mark for drawing point Y on the PPC.</p>  <p style="text-align: center;">Consumer and capital goods may be on opposite axes.</p>	(3)

Q7.

Question number	Answer	Mark
	<p style="text-align: center;">A02 3 marks</p> <p>Award 1 mark for leftward shift of demand, labelled Award 1 mark for lower equilibrium price, labelled Award 1 mark for lower equilibrium quantity, labelled</p> 	(3)

Q8.

Question number	Answer	Mark
(a)	<p style="text-align: center;">A01 2 marks</p> <p>Award 1 mark for reference to breaking up production and award 1 mark for reference to workers specialising in one task.</p> <p>Division of labour occurs where a firm breaks up the production process (1) and each worker specialises in one task (1).</p>	(2)

Question number	Answer	Mark
(b)	<p style="text-align: center;">A02 3 marks</p> <p>Award 1 mark for identifying an advantage of the division of labour, a further mark for developing the advantage and 1 mark for the response being in the context of bikes.</p> <ul style="list-style-type: none"> • Less time is wasted (1) as workers will not keep having to change tools to do each task (1), whereas before they needed to change from one tool to another (1). • Workers specialising in one task become better at that task (1), making them more productive (1) and helping to lower the average costs of producing each bike. (1) <p>Accept any other appropriate responses.</p>	(3)

NOTE - the answer needs to be in the context of bikes, but it cannot simply be using the word "bikes". Students could say that a worker who is only putting the wheels on the bike will become specialised and more efficient in their task.

Q9.

Question number	Answer	Mark
	<p style="text-align: center;">A02 2 marks</p> <p>Award 1 mark for identifying the variable costs 2 000 + 15 000 (1)</p> <p>Award 1 mark for calculating total variable costs = 17 000 QR (1)</p> <p>Award 2 marks if total variable costs are correctly calculated as 17 000QR, even if no calculations are shown</p> <p>Award 1 mark if total variable costs are correctly calculated as 17 000 even if no calculations are shown</p> <p>Do not award marks for a formula</p>	(2)

Q10.

Question number	Answer	Mark
(a)	<p style="text-align: center;">A01 1 mark</p> <p>C 120 HKD</p>	(1)

Question number	Answer	Mark
(b)	AO2 1 mark B The excess demand will be 500 tablet covers	(1)
(c)(i)	AO1 1 mark Award 1 mark for correct formula in words/as an equation. % change in quantity demanded ÷ % change in price	(1)
(c)(ii)	AO2 2 marks Award 1 mark for showing correct calculation. Award 1 mark for correct price elasticity of demand (PED). $-20 \div 10 (1) = -2 (1)$ Award 2 marks if PED is correctly calculated, even if no calculations are shown. Award 2 marks if students show calculation and put 2 without the minus sign. Award 1 mark if students do not show calculation but identify that it is price elastic. Do not award marks for the formula.	(2)
(d)	AO1 1 mark Award 1 mark for one correct factor: <ul style="list-style-type: none"> • increased advertising • increased income • change in fashion and tastes in favour of product • increased price of other substitute goods • decreased price of other complementary goods • increased population size • increased immigration. Accept any other appropriate responses.	(1)

Q11

Question number	Indicative content
	<p style="text-align: center;">AO2 (3 marks)/AO3 (3 marks)</p> <p>AO2 and AO3</p> <ul style="list-style-type: none">• The four factors of production are land, labour, capital and enterprise• Beans are harvested from coffee plants which means that land is needed to produce coffee• The coffee beans are picked by hand because labour is needed to determine when the fruit is ready to harvest• The process of sorting the beans and transforming them from their natural state to consumable beans, ground or instant products is done by machinery, which is capital. This maybe because is it more productive/cost effective than using labour.• Enterprise combines the other factors of production to make sure the bean gets to the consumer as a consumable product• Thus, all four factors of production may be used to produce coffee as without any one of them the process would not be completed as efficiently

You had to clearly explain WHY each FoP is required

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	<ul style="list-style-type: none">• Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2).• Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3-4	<ul style="list-style-type: none">• Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2).• Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5-6	<ul style="list-style-type: none">• Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2).• The information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

From examiner report:

A range of responses which accurately focused on factors of production. However, sometimes these were with limited economic application or only three of the four factors were analysed. Candidates sometimes struggled to show clear development and/or thorough analysis which made access to level 3 unlikely.

Q12.

Question number	Indicative content
	<p style="text-align: center;">AO2 (3 marks)/AO3 (3 marks)</p> <p>AO2 and AO3</p> <ul style="list-style-type: none"> • External benefits are positive spillover effects from the production or consumption of a good/service which allow third parties to benefit • Vaccinations such as the MMR would provide an external benefit to people who do not receive the vaccination because there is less chance of contracting measles, mumps or rubella • This is because if more people are vaccinated with MMR, there is less chance of them passing on the diseases • Therefore there would be fewer people in England with measles, mumps or rubella, even if they did not receive the vaccination themselves • The NHS would prefer more children to have the vaccination because it would reduce the spread of disease • A healthier workforce would lead to higher levels of production

The third parties (e.g. vaccinated children) had to be clearly identified and how they are positively impacted explained.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	<ul style="list-style-type: none"> • Demonstrates basic knowledge and understanding by developing relevant points. Limited application of economic terms, concepts, theories and calculations (AO2). • Information presented will lack selectivity and organisation. Interpretation of economic information will be limited, with a lack of analysis of issues (AO3).
Level 2	3-4	<ul style="list-style-type: none"> • Demonstrates partial knowledge and understanding by developing relevant points. Partial application of economic terms, concepts, theories and calculations (AO2). • Information presented will demonstrate some selectivity and organisation. Interpretation of economic information will be good, with some analysis of issues (AO3).
Level 3	5-6	<ul style="list-style-type: none"> • Demonstrates clear knowledge and understanding by developing relevant points. Appropriate application of economic terms, concepts, theories and calculations (AO2). • The information presented will demonstrate excellent selectivity and organisation. Interpretation of economic information will be excellent, with a thorough analysis of issues (AO3).

External benefit is the benefit given to third parties during consumption.

In this case, vaccination helps to reduce the risk of spread of disease. If one is vaccinated, others have a lower chance of getting measles, mumps and rubella, benefitting them due to their healthier body.

In extent to that, the people without disease ~~will~~ can spend less on healthcare due to their early prevention, reducing their risk of getting sick.

Besides, the government also has benefits. If the disease is spread, the government has to spend a lot of healthcare, being that opportunity cost of other alternatives like education. Yet with that prevented, more can be spent on education and supporting those with low pay.

Without sickness, it also improves efficiency and productivity of workers, increasing output ~~and~~ getting more profits to firms, boosting economic growth, therefore being an external benefit.