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Mark Scheme

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International GCSE Economics (4EC0/01)

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.

- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.

- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.

- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.

- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.

- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.

- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.

- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question Number	Answer	Mark
1(a)(i)	€20	(1)

Question Number	Answer	Mark
1(a)(ii)	Excess supply = supply is greater than demand (1 mark) Example 2 marks: • 1 mark for price at which there is excess supply e.g. €25. • 1 mark for giving figures for demand (30) and supply (60)at that price **or** the amount of excess supply (30)	(3)

Question Number	Answer	Mark
1(a)(iii)	Definition: Responsiveness of quantity demanded to a change in price (2 marks) Also accept equation (2 marks) Vague definitions or where definition correct but candidate also gives incorrect formula or vice versa, 1 mark.	(2)

Question Number	Answer	Mark
1(a)(iv)	Decrease	(1)

Question Number	Answer	Mark
1(a)(v)	4 marks for showing what happens when price falls OR rises: • 1 mark for calculating TR at a particular price e.g. price 25 euros TR = (25x30)=750 • 1 mark for calculating TR at new price e.g. price 20 euros TR = (20x50) = 1000 • 1 mark for stating relationship between price fall or rise and TR e.g. as price falls TR rises • 1 mark for stating whether this shows it is elastic or inelastic e.g. PED is therefore elastic. Candidates can also achieve up to 2 marks for calculating PED when price changes but no reference to TR.	(4)

Question Number	Answer	Mark
1(a)(vi)	Definition: division of labour is the breaking down of a job into smaller tasks (2 marks). Example 1 mark: in textile industry some workers cut out the patterns, others sew, others iron and pack.	(3)

Question Number	Answer	Mark
1(a)(vii)	Each disadvantage identified, 1 mark (up to 2). Development up to 2 marks. e.g. workers can be easily replaced by machines as they perform simple jobs. They could therefore become unemployed. They can also become bored and / or suffer from repetitive strain. Each advantage identified, 1 mark (up to 2) Development up to 2 marks. e.g. Division of labour will increase productivity (also accept production) (1 mark) so workers may be rewarded with higher wages especially if paid by how much they produce. • Maximum for 1 sided arguments = 3 marks • Maximum for both sides = 4 marks Must have both sides of argument for 4 marks. Award 5th and 6th marks for evaluation/reasoned judgement e.g. It depends on the actions of the firm and the government. If the firm/government provides training then workers can find less boring jobs. If the firm wants to motivate workers then it may use job rotation to stop boredom.	(6)

Question Number	Answer	Mark
1(b)(i)	S_2	(1)

Question Number	Answer	Mark
1(b)(ii)	S_2	(1)

Question Number	Answer	Mark
1(b)(iii)	D_2	(1)

Question Number	Answer	Mark
1(b)(iv)	S_1	(1)

Question Number	Answer	Mark

1(b)(v)	1 mark for definition of mixed economy.
	Each way in which a government affects price of goods 1 mark up to 2 marks. E.g. the government can impose indirect taxes/give subsidies/impose minimum/maximum price/regulations (banning cigarette advertising)
	Development up to 2 marks. E.g. the government imposes indirect taxes which increase costs and increase price on harmful goods.
	Each way in which the private sector affects price of goods (govt has no effect) 1 mark up to 2 marks. E.g. produce goods people want to buy and are willing to pay a price. Private sector will react to changes in demand and will change supply. E.g. if demand for ice creams rise in hot weather price will rise unless supply also rises.
	  • Maximum for 1 sided arguments + definition = 3 marks
	  • Maximum for 1 sided argument = 3 marks
	  • Maximum for both sides + definition = 4 marks
	Must have both sides of argument for 4 marks.
	Award 5th and 6th marks for evaluation/reasoned judgement e.g. Governments can influence price. Their reasons may differ e.g indirect taxes to protect the people from harmful goods whilst others may use the taxes just as a way of raising revenue but both effect price of goods.
		(6)

Question Number	Answer	Mark
2(a)(i)	Secondary sector	(1)

Question Number	Answer	Mark
2(a)(ii)	A=Costs 1 mark B= Long run average costs 1mark C=Quantity 1 mark	(3)

Question Number	Answer	Mark

2(a)(iii)	1 mark for economies of scale
	Second mark for either
	  • falling average costs as output increases OR
	  • an example of economies of scale. Accept general economies e.g. marketing **or** specific economies e.g. bulk buying.
		(2)

Question Number	Answer	Mark
2(a)(iv)	1 mark for diseconomies of scale Second mark for either • rising average costs as output increases OR • an example of diseconomies of scale. Accept general diseconomies **or** specific diseconomies e.g. poor labour relations or specific diseconomies e.g. loss of worker motivation.	(2)

Question Number	Answer	Mark
2(a)(v)	Each advantage identified, 1 mark, up to 2 e.g. more efficient, more competitive internationally/take advantage of economies of scale. Development up to 2 marks e.g. more efficient – take advantage of large scale machinery, rationalise. Each disadvantage identified, 1 mark, up to 2. E.g. unemployment, decrease competition. Development up to 2 marks e.g. as firms rationalise some workers will be made redundant. • Maximum for 1 sided arguments = 3 marks • Maximum for both sides = 4 marks Must have both sides of argument for 4 marks. Award 5th and 6th marks for evaluation/reasoned judgement e.g. Depends on the state of the economy. If there are lots of other firms in the industry then it may benefit the economy as there will still be competition. If unemployment is already high then redundant workers may not be able to find new jobs. The government plays a part as it can provide retraining programmes and encourage exports. Candidates who refer only to advantages and disadvantages to firms and/or consumers can achieve only maximum of 4 marks.	(6)

Question Number	Answer	Mark
2(a)(vi)	Method identified, 1 mark e.g. competition commission or similar/increase growth of small firms. Development, 1 mark e.g. investigate and make suggestions to reduce disadvantages/deregulation	(2)

Question Number	Answer	Mark
2(b)(i)	1 mark for "productivity increased". 2 marks for calculating productivity: 2013 (100/10) =10, 1 mark. 2014 (140/10) =14 1 mark. Calculations don't need to be shown so 40% achieves 2 marks. "productivity increases by 40%" = 3 marks.	(3)

Question Number	Answer	Mark
2(b)(ii)	Land	(1)

Question Number	Answer	Mark
2(b)(iii)	Goods used to produce other good/man made aids to production. (1 mark) Example (1 mark) e.g. machines or specific type of machinery (sewing machine)	(2)

Question Number	Answer	Mark
2(b)(iv)	Method identified, 1 mark e.g. grants, tax breaks, subsidies, decrease rate of interest on loans Development, 1 mark e.g. grants don't have to be paid back so buying machinery is cheaper.	(2)

Question Number	Answer	Mark
2(b)(v)	Each argument supporting statement, 1 mark, up to 2. E.g. machines don't make mistakes, don't get tired, increase labour efficiency. Development up to 2 marks e.g. the workers in charge of the machines will produce more as all the goods will be perfect (no man made mistakes), no goods thrown away. The machines can work 24/7 so produce a consistent amount unlike workers who may get tired. Each argument against statement, 1 mark, up to 2. Training and incentives can increase productivity. Also accept reasons why machines can decrease productivity e.g. boredom and monotony/breakdowns. Development up to 2 marks e.g. Workers who are trained are more productive than new, unskilled workers. If workers are bored they may make mistakes, there might be industrial unrest and strikes which will lead to lost production/decreased productivity. e.g. Maximum for 1 sided arguments = 3 marks • Maximum for both sides = 4 marks Need reasoned conclusion/judgement for 5-6 marks. e.g. Increased use of machinery can aid division of labour but excess use may lead to a decrease in productivity unless the workers are motivated.	(6)

Question Number	Answer	Mark
3(a)(i)	Each type of pollution identified, 1 mark e.g. water (river and sea), air, noise, light. Do not accept pollutants only types of pollution.	(2)

Question Number	Answer	Mark
3(a)(ii)	Each reason identified, 1 mark. E.g. health, tourism, pressure by environmentalists/other countries, protect future generations. Development, 1 mark. E.g. air pollution can lead to respiratory problems and so cost the government money providing health care. 2+2	(4)

Question Number	Answer	Mark
3(a)(iii)	Each method identified, 1 mark e.g. advice on energy saving, grants to help individuals save energy, raise the price of energy. Development, 1 mark. E.g. advice on how to save energy – turn off non essentials electrics, insulate lofts, replace old, inefficient air conditioning units, place indirect taxes on energy. 2+2 marks	(4)

Question Number	Answer	Mark
3(a)(iv)	Each measure identified, 1 mark, e.g. fines, licences, legislation, pollution permits, climate change levy, encourage consumers to avoid the products of high polluters.	(2)

Question Number	Answer	Mark
3(a)(v)	building new schools	(1)

Question Number	Answer	Mark
3(a)(vi)	Each advantage of financial incentives or disincentives identified, 1 mark, up to 2. E.g. people/firms like financial encouragement (subsidies/grants), reduces costs of reducing pollution. Taxes increase price/costs. Development up to 2 marks e.g. people and firms may want to reduce pollution but may not be able to afford to do so financial incentives may have positive effects. Each disadvantage/advantage of non monetary measures identified, 1 mark e.g. government has to increase taxation/reduce expenditure on other items, firms can ignore legislation. Tradable permits encourage firms to reduce pollution. Development up to 2 marks e.g. some firms may break the law and continue to pollute and pay fines as it is cheaper than changing their production process. - Maximum for 1 sided arguments = 3 marks - Maximum for both sides = 4 marks Need reasoned conclusion/judgement for 5-6 marks. e.g. a combination of measures may be best along with educating the population. If the people and firms support the fight against pollution then measures will work. If they don't understand why there is need for the measures then they will try to avoid them and continue to pollute. The taxation or incentives must be directly related to a reduction in pollution. Accept PED argument as evaluation.	(6)

Question Number	Answer	Mark
3(b)(i)	2008	(1)

Question Number	Answer	Mark
3(b)(ii)	Prices increased (1 mark) but at a slower rate/inflation rate fell (1 mark) Reference to data, 1 mark e.g. 2010 = 30%, 2011 = 26%. Need both years for data mark **or** calculation of reduction in inflation = 4%	(3)

Question Number	Answer	Mark
3(b)(iii)	Increase subsidies on food	(1)

Question Number	Answer	Mark
3(b)(iv)	Each group benefitting from inflation identified, 1 mark, up to 2 marks e.g. debtors/borrowers, importers. Development up to 2 marks e.g. debtors will win if their loans bought goods at previously cheaper prices. Importers will have an increased demand for imports as they appear cheaper. Also accept low positive rate of inflation will stimulate an economy. Each group which loses from inflation identified 1 mark, up to 2 marks e.g. creditors/lenders, exporters, people on fixed incomes. Development up to 2 marks e.g. people on fixed incomes will have a falling standard of living as they buy less with their incomes and have no opportunity of increasing them. Also accept that the opportunity cost of low inflation may be too high e.g. high unemployment and low economic growth. • Maximum for 1 sided arguments = 3 marks • Maximum for both sides = 4 marks Need reasoned conclusion/judgement for 5-6 marks. e.g. There are some groups who benefit from inflation but even these might suffer when other things are considered. If the rate of interest is high then even borrowers may suffer. If inflation spreads to other countries then importers might face a falling demand for imports as import prices rise.	(6)

Question Number	Answer	Mark
4(a)(i)	dumping	(1)

Question Number	Answer	Mark
4(a)(ii)	Each reason identified, 1 mark e.g. gain market share, keep prices high in home market, get rid of surplus goods, export subsidies. Development, 1 mark e.g. by selling at below cost the firm can force producers in the importing country out of production and gain market share. 2+ 2 marks	(4)

Question Number	Answer	Mark
4(a)(iii)	Each reason why economy might suffer, 1 mark, up to 2. E.g. domestic firms suffer, unemployment, balance of payments problems. Cheap imports due to exploitation of labour may have adverse effects on importing firms e.g. Primark. Development up to 2 marks e.g. domestic firms may not be able to compete so may go out of business and choice for consumers decline. Each reason why the economy may not suffer, 1 mark, up to 2. E.g. imports may be used in manufacturing so prices may fall, fall in inflation. Development up to 2 marks. E.g. if prices fall then inflation will fall which will improve standard of living. • Maximum for 1 sided arguments = 3 marks • Maximum for both sides = 4 marks Need reasoned conclusion/judgement for 5-6 marks. E.g. It would be disastrous if a country became dependent on cheap imports and its own industries closed. If the amount and use of cheap imports could be channelled into industries which would improve their competitiveness then a country could achieve economic growth. Cheap imports might be cheap quality and, if they are raw materials, result in sub-standard products of domestic firms. Cheap imports due to exploitation of labour may have adverse effects on importing firms e.g. Primark.	(6)

Question Number	Answer	Mark
4(a)(iv)	Each method identified, 1 mark e.g. tariffs/taxation, quotas, subsidies, red tape.	(2)

Question Number	Answer	Mark
4(a)(v)	Each advantage of chosen method, 1 mark, up to 2. Development up to 2 marks e.g. chosen method =tariffs Tariffs make the goods more expensive so demand will fall. They can be placed at different rate on different goods. Each advantage of non chosen method or disadvantages of chosen method , 1 mark, up to 2. Development up to 2 marks e.g. chosen method tariff, non chosen quotas. e.g. tariffs will only reduce imports if the goods are non essentials. If the goods are necessities with an inelastic demand then an increase in price will increase the amount spent on imports. Or e.g. quotas would be more successful as they can reduce the amount regardless of elasticity and they also increase the price due to the reduction in supply. Need reasoned conclusion/judgement for 5-6 marks. Must identify which measure is more successful for evaluation marks. e.g. Tariffs are more successful and also have other benefits. Tariffs will raise revenue which the government might spend on subsidies to exporters so improving the balance of payments. e.g. quotas if at a low level will reduce imports but tariffs will be affected by PED.	(6)

Question Number	Answer	Mark
4(a)(vi)	Each reason identified, 1 mark e.g. cheaper imports/exports, more variety, increase in economic growth/standard of living, increase world output, help developing countries. Development 1 mark e.g. Cheaper imports (1 mark) will improve the standard of living (1 mark). 2+2 marks	(4)

Question Number	Answer	Mark
4(b)(i)	A firm which operates in more than one country. 1 mark Example: 1 mark	(2)

Question Number	Answer	Mark
4(b)(ii)	foreign direct investment	(1)

Question Number	Answer	Mark
4(b)(iii)	Advantage idenfied,1 mark e.g. provides employment Development 1 mark e.g. will need to employ local workers who know the language. Disadvantage identified,1 mark e.g. domestic shops may close down Development 1 mark e.g. as firms close down unemployment may be created.	(4)