Mark Scheme

Q1.

Question	Quantitative skills assessed	Answer	Mark
		The only correct answer is C A is not correct because increased boredom is a disadvantage B is not correct because costs to make each garment are likely to decrease D is not correct because less time will be required for training as they focus on fewer parts of the production process	(1)

(**QU02 WEC11/01, Jan 2022**)

Q2.

Question	Quantitative skills assessed	Answer	Mark
	–	A	(1)

(**Q02 WEC11/01, Jan 2020**)

Q3.

Question	Explain **one** advantage to a car manufacturer of using the division of labour to organise production.	Mark
	Answer	
	Knowledge 1, Application 1, Analysis 2	

QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.

Knowledge and Analysis

1 mark for understanding division of labour e.g.:

- where production is broken down into tasks and each worker specialises on one task **(1K)**

1 mark for one advantage of using the division of labour and up to 2 marks for linked expansion

- increase in productivity **(1K)** as each worker is able to produce more output **(1AN)** which helps a car manufacturer to produce cars more cheaply than his competitors **(1AN)**
- decreased unit costs/decreased costs of production **(1K)** as each worker is able to produce more goods whilst receiving the same pay **(1AN)** enabling a car manufacturer to lower his prices/increase profit margins **(1AN)**
- time saving **(1K)** as workers do not need to keep changing tools **(1AN)** and can spend more time focused on production **(1AN)**
- workers become more proficient at one skill **(1K)** as they spend so long on the task that they become experts **(1AN)** and this helps with the speed of them completing the task **(1AN)**
- less training required **(1K)** as workers only need to be trained to do one task/rather than training in whole production process **(1AN)** so the car manufacturer experiences reduced costs of training staff **(1AN)**
- workers can focus on tasks that suit their skills **(1K)** which means they are more likely to complete jobs they enjoy **(1AN)** and are more likely to be motivated **(1AN)**

	Application	
	1 mark for applying to Henry Ford car company or a car manufacturer, e.g.:	
	• one worker will focus on the tyres/windscreens/chassis/steering wheel/engine/painting/each worker will add a different component/part to the car/each worker moves from producing a whole car to one part **(1AP)**	
		(4)

(Q09 WEC11/01, Oct 2022)

Q4.

Question	Evaluate the advantages of a free market economy.
	Indicative content
.	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.
	Indicative content guidance
	Answers must be credited by using the level descriptors (below) in line with the general marking guidance.
	The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited.

	Knowledge, application and analysis (12 marks) – indicative content
	• Free market economies- where price mechanism/supply and demand determine resource allocation/where government has minimal involvement in decisions
	• Hong Kong closest to free market- low tax rates, low government spending and the low level of business regulation
	Advantages
	• Incentives to work hard in order to increase incomes
	• Profit incentive means firms have incentive to be efficient
	• Consumers are free to choose the goods and services they desire
	• Producers are free to create products to meet customer needs
	• Firms are likely to use profits to develop new processes helping to reduce costs and improve efficiency/productivity
	• Profits invested in innovative new products which better meet consumer needs
	• Government failure avoided e.g.
	o surpluses & shortages resulting from price controls
	o information gaps meaning the intervention is not always the best option
	o can create unintended consequences such as smuggling
	o creates excessive administrative costs.
	• No expensive central planning
	• Competition between firms may help lower price and increase quantity of goods available
	• Market forces (invisible hand) helps to clear the market when there is excess demand/excess supply/disequilibrium
	• Disadvantages of command economy

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
Level 2	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
Level 3	7–9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 4	10–12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context, using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

Evaluation (8 marks) – indicative content

Disadvantages

- Underprovision of public goods- non-rivalry and non-excludability creates a free rider problem and private sector firms cannot generate profits- impacts on the provision of streetlights, roads, defence, sea defences
- Underprovision of healthcare/education- services with external benefits where people underestimate the benefit
- Overconsumption - people may consume goods ignoring external costs of their consumption e.g. pollution and congestion have negative impacts on third parties
- Private sector health care can be inefficient and expensive- US health insurance costs
- Can create inequality:
  - where the rich inherit and have more wealth
  - low skilled/unskilled/disabled/sick have low income with no support from the state in the form of welfare payments
  - free market may result in high levels of unemployment
- Large powerful firms can emerge that exploit customers by charging high prices and restricting output
- When demand is low unemployment may rise leaving some with no income
- Markets can be unstable:
  - Market bubbles can emerge and burst
  - Creates uncertainty for businesses
- Depends on the extent to which an economy acts as a free market economy- even Hong Kong still has taxes and regulation so is not a pure free market economy.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	7–8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

(Q13 WEC11/01, Oct 2022)

Q5.

Question	Evaluate the advantages of state provision of goods and services.
	Indicative content

QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.

Indicative content guidance

Answers must be credited by using the level descriptors (below) in line with the general marking guidance.

The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.

Knowledge, application and analysis (12 marks) – indicative content

- State provisions is where government uses taxation to provide goods and services
- UAE- provides free education and healthcare, flood defences and world tallest lighthouse

Advantages
- Reduces the problem of underconsumption and production of goods with positive externalities- underconsumption as people underestimate the benefits of consuming a good- state provided free healthcare/free primary and secondary education
- Reduces the problem of overconsumption and production of goods with negative externalities- overproduction as firms ignore negative impact on third parties- government imposes indirect taxes on firms producing external costs
- Reduces the problem of underprovision of public goods- non-rival and non-excludable- free rider problem makes provision by the private sector unprofitable so government steps in e.g. lighthouse/flood defences
- Ensures safety of the public by preventing flooding and ships hitting rocks
- Reduces the problem of information gaps/Imperfect market information- information failure means consumers may under-consume goods such as health care and education so the government provides. State provides information to fill gaps- e.g. on impact of high sugar consumption
- Ensures provision for all including those on low incomes who would otherwise be unable to afford the goods/services
- May help to prevent exploitation of consumers by private monopolies
- Can increase the number that are employed in construction/in healthcare/education system

Diagrams may be drawn to illustrate underproduction/overconsumption

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models.
		Use of generic material or irrelevant information or inappropriate examples.
		Descriptive approach, which has no chains of reasoning.
Level 2	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models.
		Limited application of knowledge and understanding to economic problems in context.
		A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
Level 3	7–9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models.
		Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer.
		Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 4	10–12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models.
		Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question.
		Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

Evaluation (8 marks) – indicative content

Disadvantages

- Government failure where there is a net welfare loss through:
  - information gaps
  - lack of incentives
  - unintended consequences
  - excessive administrative costs
  - moral hazard
- Government provision can be less efficient compared to the free market- lack of competition
- Opportunity costs associated with the government spending leaving less money for other priorities
- Less choice for consumers
- Reduction in freedom
- High levels of taxation to fund spending

Other evaluation

- It is difficult to place a value on the size of any external benefits/costs to know how much to provide
- Information failure is increasingly solved by the internet
- Magnitude of spending e.g. $136 million needs to judge this against the benefit of flood defences

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	7–8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

Q6.

Question	Evaluate the advantages of the division of labour in organising production.
	Indicative content
	Indicative content guidance
	Answers must be credited by using the level descriptors (below) in line with the general marking guidance.
	The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited.
	Knowledge, application and analysis (12 marks) – indicative content
	• Division of labour– where production process in broken down into tasks and workers focus on one task
	• When one worker does all stages of production, they will need to change tools and this takes time
	• Smith found that workers will produce only 10 to 20 pins per day
	• 10x10= 100 OR 10x20=200 is the possible production before specialisation
	• 4 800 is output per worker after division of labour is applied
	• If the pin factory breaks down tasks with one worker cutting, another sharpening etc they will use one tool and save time
	• Significantly increase output per worker per hour/productivity/efficiency
	• Using one particular tool workers may become faster
	• By paying the same wage for each worker and with them producing more production costs fall/ costs per unit fall
	• Training costs will fall as they will only need training in one area, not in all stages of production
	• Workers focus on one job and may become experts at the job helping them to increase output further
	• Workers can gain loyalty and a sense of achievement from their branch of the production
	• There is no need to move around the manufacturing unit; the half-finished good comes to the worker
	• Workers can concentrate on those jobs which best suit their skills and temperament
	• Businesses may be able to replace workers with machines if the job is easily automated
	• If costs are lower, businesses may be able to charge lower prices

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models.
		Use of generic material or irrelevant information or inappropriate examples.
		Descriptive approach which has no chains of reasoning.
Level 2	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models.
		Limited application of knowledge and understanding to economic problems in context.
		A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
Level 3	7–9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models.
		Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer.
		Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 4	10–12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models.
		Ability to link knowledge and understanding in context, using appropriate examples which are fully integrated to address the broad elements of the question.
		Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models.
		Use of generic material or irrelevant information or inappropriate examples.
		Descriptive approach which has no chains of reasoning.

		Evaluation (8 marks) – indicative content
		• If workers are highly specialised, then the job can become monotonous, very boring and repetitive. This can lead to low labour morale • If workers lose the motivation to concentrate and do a good job, mistakes may creep in as they get bored. Quality may fall • Adam Smith himself recognised this potential problem and advocated education of the workforce so that they wouldn't get too demoralised by their repetitive job • Workers may leave causing issues with staff retention. Therefore, businesses might need to spend more on recruitment to replace workers that leave • An assembly line could grind to a halt if there is a blockage in one particular area/ interdependence • If one worker is absent production can stop • Not all production processes can be broken down in this way • Repetitive tasks completed by workers can be replaced by machinery/capital leading to unemployment

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	7–8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

(**Q13 WEC11/01, Jan 2020**)

Q7.

Question	Evaluate the possible benefits of an economy moving closer to being a 'free market economy'.
	Indicative content

QS9: Interpret, apply and analyse information in written, graphical,
tabular and numerical forms.

Indicative content guidance

Answers must be credited by using the level descriptors (below) in line with the general marking guidance.

The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited.

Knowledge, application and analysis (12 marks) – indicative content

- Definition of free market economy- resources are allocated by the price mechanism with little/no government intervention
- Mixed economy- where resources are allocated by the price mechanism and government
- Ireland is a mixed economy with government spending 35.9% of GDP in 2007 and 25.1% in 2019
- Reduced by 10.8 percentage points over 12 years
- Movement towards more free market- more resources are allocated by price mechanism and less by the government

Benefits of a free market economy

- Resources are allocated efficiently to where expected profit is highest
- Competition between firms creates better products for consumers
- The profit motive encourages firms to spend money to create better products
- Resource allocation is determined by the pattern of consumer demand rather than by the government
- Competition between firms encourages them to lower prices to keep customers
- Reduces risk of government failure as less resources wasted in expensive administration by governments
- Incentive to work harder as workers can earn more

Candidates should be rewarded for relevant use of a diagram.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
Level 2	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.

Level 3	7–9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 4	10–12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context, using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.
		Evaluation (8 marks) – indicative content Disadvantages of free market economy - Can lead to significant inequality - Some firms can become powerful raising prices - Non- provision of public goods - Underprovision of goods with external benefits such as health and education - Overprovision of goods that cause external costs - Instability- e.g. after financial crises/lockdown Other evaluative comments - Magnitude- sizeable reduction in government spending as a proportion of GDP- 10.8 percentage point substantially less government involvement - Ireland is still a mixed economy despite the reduction in the share of government spending - The amount of government spending in Ireland may not have fallen despite the percentage falling if GDP was increasing 25.1% may mean that the public goods and key public services are still provided - Need data on other factors to determine whether Ireland has benefitted or not by its movement towards free market economy - Just over €1 in every €4 is still government spending so still significant government involvement in the economy

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	7–8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

(QU13 WEC11/01, Jan 2022)

Question Number	Rimac manufacture electric cars. With the first model, the Concept_One, an individual worker was responsible for building each car from start to finish. Only seven were manufactured. In 2017 €30 million was spent on developing a factory which would use the division of labour to manufacture 200 Concept_Two cars. With reference to the market for car manufacturing, explain **one** benefit of the 'division of labour'.	Mark
	Knowledge 2, Application 2 **Knowledge** Up to 2 marks 1 mark for defining 'the division of labour' e.g. The division of labour is where the production process is broken down into stages and each worker focuses on a specific task **(1)**. Up to 2 marks for explaining one benefit, e.g. • Less training is required **(1)** as workers will only need to be trained on one task **(1)**. • Productivity will increase **(1)** as workers do not have to keep changing tools/ as workers become highly skilled at specific tasks **(1)**. • Capital may replace workers **(1)** saving on labour costs **(1)**. **Application** Up to 2 marks for applying to the market for car manufacture, e.g.: • Production of cars increases from 7 to 200 cars **(1)** • Rather than training staff how to put together all components of the car **(1)** you can spend less time training on a specific task such as fitting the windscreen **(1)**. • Rimac can put in place a production line where some tasks will be completed by robots/capital **(1)** which can be cheaper to run when compared to paying wages **(1)**.	
		(4)

(QU08 WEC11/01, Jan 2019)

Q9.

Question Number	Answer	Mark
	Knowledge 2 Up to 2 marks for defining a 'renewable resource', e.g.: • A resource that can be used again and again **(1)** • A resource that does not deplete with use **(1)** • A resource that does not run out **(1)** • A resource that is naturally replenished **(1)** • A resource that is infinite **(1)** • An example is hydroelectricity **(1)** **NB: do not reward other examples not in Extract B**	**(2)**

(Q12a WEC11/01, Jan 2021)

Q10.

Question	With reference to Lake Chad, explain the difference between a free good and an economic good.	Mark
	Answer	

	Knowledge 2, Application 2	
	Quantitative skills assessed:	
	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	
	Knowledge	
	1 mark for understanding of 'free good', e.g.	
	- Free good is a resource which is so abundant that its availability is not a constraint on economic activity/in unlimited supply/a good with no opportunity cost/good does not have a price **(1)**	
	1 mark for understanding of 'economic good', e.g.	
	- Economic good is a good that derives utility/a good with scarcity and therefore an opportunity cost/scarcity means people may be willing to pay for it **(1)**	
	Application	
	1 mark for reference to Lake Chad as a free good in 1960, e.g.	
	• In 1960 water from the lake was a free good/lake used to provide irrigation to farmers for their crops suggesting free good **(1)**	
	1 mark for reference to Lake Chad as an economic good in 2017, e.g.	
	• By 2017 the farmers could no longer use the lake for irrigation suggesting it is an economic good/has an opportunity cost **(1)**	
		(4)

(Q08 WEC11/01, Oct 2022)