

**GCSE (9–1)**

**Economics**

**J205/01: Introduction to economics**

General Certificate of Secondary Education

**Mark Scheme for Autumn 2021**

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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## 1. Annotations

Annotation	Meaning
	Tick
	Cross
	Unclear
<b>BOD</b>	Benefit of the doubt
<b>IR</b>	Irrelevant
<b>L1</b>	Level one
<b>L2</b>	Level two
<b>L3</b>	Level three
<b>NAQ</b>	Not answered question
<b>OFR</b>	Own figure rule
<b>SEEN</b>	Noted but no credit given.
<b>TV</b>	Too vague
	Omission mark
<b>BP</b>	Blank page

**Highlighting** is also available to highlight any particular points on the script.

**BP** to be inserted on every blank page

**'SEEN'** to be inserted in every question space where NR is the mark.

## 12. Subject Specific Marking Instructions

Levels of response / Level descriptors	Knowledge and understanding	Application	Analysis	Evaluation
<b>Good</b>	<b>Good</b> knowledge and understanding of the theory stated or referred to in the question. All of the terms/theoretical concepts are explicitly or implicitly understood.	<b>Good</b> application of knowledge to a given scenario. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario.	<b>Good</b> analysis of the effect of <b>xxxx</b> . There is correct analysis in the form of developed links. These links are developed through a chain of reasoning which addresses the question. Any relevant diagram(s) are predominantly correct and linked to the analysis.	<b>Good</b> evaluation with a fully supported judgement that is developed from a weighing up arguments/both sides/comparing alternatives.
<b>Reasonable</b>	<b>Reasonable</b> knowledge and understanding of the theory stated or referred to in the question. Most of the terms/theoretical concepts are explicitly or implicitly understood.	<b>Reasonable</b> application of knowledge to a given scenario. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is understanding of some the relevant elements of the scenario.	<b>Reasonable</b> analysis of the effect on <b>xxxx</b> . There is correct analysis largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be improperly labelled or not linked to the analysis.	<b>Reasonable</b> evaluation of <b>xxx</b> considering arguments/both sides/comparing alternatives. There may be a judgement but this will not be fully supported.
<b>Limited</b>	<b>Limited</b> knowledge and understanding of the theory stated or referred to in the question. Some of the terms/theoretical concepts are explicitly or implicitly understood.	<b>Limited</b> application of knowledge to a given scenario. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.	<b>Limited</b> analysis of the effect on <b>xxxx</b> . There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis.	<b>Limited</b> evaluation of <b>xxx</b> that may include an incomplete consideration of arguments/both sides/comparing alternatives with unsupported statements.

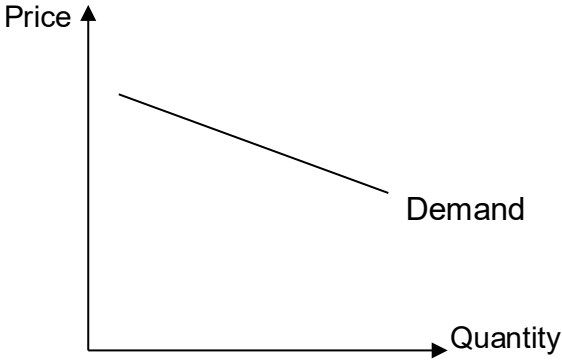
**Section A**

<b>Question</b>	<b>Key</b>	<b>AO</b>	<b>Quantitative skills</b>
1	<b>C</b>	1a	
2	<b>B</b>	1b	
3	<b>D</b>	1b	
4	<b>A</b>	2	Yes
5	<b>D</b>	1b	
6	<b>B</b>	2	
7	<b>C</b>	1a	
8	<b>C</b>	1b	
9	<b>D</b>	2	Yes
10	<b>D</b>	1b	
11	<b>A</b>	2	
12	<b>D</b>	1b	
13	<b>D</b>	1a	
14	<b>D</b>	1b	
15	<b>C</b>	1b	
16	<b>B</b>	2	Yes
17	<b>A</b>	1b	
18	<b>C</b>	1b	
19	<b>B</b>	2	
20	<b>B</b>	2	

## Section B

Question		Answer	Mark	Guidance
21	(a)	<p><b>Explain, using an example, what is meant by 'land'.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>The factor of production that is concerned with the natural resources of an economy</li> <li>Examples: farmland; coal; trees; the sea; etc.</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO1a</p>	<p>Give 1 mark for a reference to natural resources.</p> <p>Give 1 mark for an acceptable example</p>
21	(b)	<p><b>Explain one way the government may encourage a reduction in the use of scarce resources.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>By government reallocation to prevent over-use of scarce resources</li> <li>By imposing a higher price (price controls) so that demand falls</li> <li>By encouraging/subsidising more efficient forms of production to reduce use of raw materials/energy</li> <li>Promoting new forms of technology which make less use of scarce resources</li> <li>Increasing taxes so that consumer demand falls.</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO1b</p>	<p>Give 2 marks for a clear idea of how scarce resources could be conserved/reduced by the government.</p> <p>Give 1 mark if there is just a statement, or statements, but no development.</p> <p>No mark for a definition of scarce resources.</p>
21	(c)	<p><b>Analyse the benefits of economic sustainability for CDS.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>Gives the best and most responsible use of resources</li> <li>Allows CDS to continue to grow in the future</li> <li>Reduction in costs of production or the price paid by consumers</li> <li>Improve brand image</li> <li>Increase competitiveness</li> <li>Make CDS more attractive for workers</li> </ul>	<p><b>6</b></p> <p>1xAO1a 2xAO2 3xAO3a</p>	<p><i>All level descriptors describe the <b>TOP</b> of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i></p> <p><b>Level 3 (5-6 marks)</b> (AO1a – 1 mark, AO2 – 2 marks, AO3a – 3 marks = 6 marks)</p> <p><b>Reasonable</b> knowledge and understanding. All of the terms/theoretical concepts are explicitly or implicitly understood. <b>Reasonable</b> application of the likely benefits of economic sustainability. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is understanding of some of the relevant elements of the scenario.</p>

Question	Answer	Mark	Guidance
	<p><b>NB:</b> Any references to environmental or social sustainability should only be credited if clearly linked to economic sustainability</p>		<p><b>Good</b> analysis of the likely benefits of economic sustainability. There is correct analysis in the form of developed links. These links are developed through a chain of reasoning which addresses the question.</p> <p><b>Level 2 (3-4 marks)</b> (AO1a – 1 mark, AO2 – 1 mark, AO3a – 2 marks = 4 marks)</p> <p><b>Reasonable</b> knowledge and understanding. Most of the terms/theoretical concepts are explicitly or implicitly understood. <b>Limited</b> application of knowledge to the likely benefits of economic sustainability. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p><b>Reasonable</b> analysis of the likely benefits of economic sustainability. There is correct analysis, largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning.</p> <p><b>Level 1 (1-2 marks)</b> (AO1a – 1 mark, AO2 – 0 marks, AO3a – 1 mark = 2 marks)</p> <p><b>Reasonable</b> knowledge and understanding. Some of the terms/theoretical concepts are explicitly or implicitly understood. <b>No</b> application of knowledge to the likely benefits of economic sustainability. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p><b>Limited</b> analysis of the likely benefits of economic sustainability. There is an attempt at analysis which may include a single effect that has some link to the question.</p> <p><b>0 marks</b> No response or no work worthy of credit.</p> <p><b>N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.</b></p>

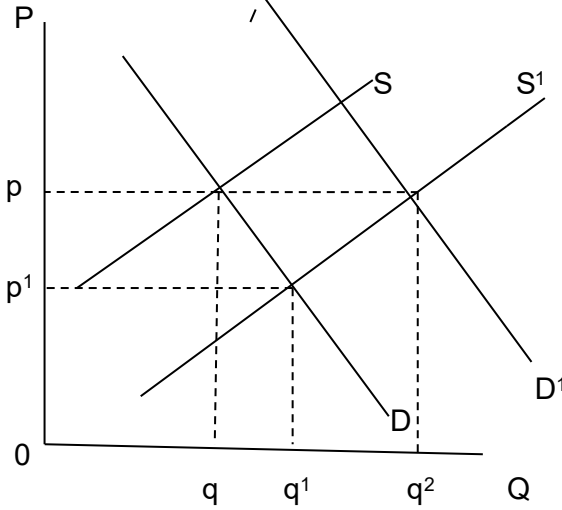
Question			Answer	Mark	Guidance
21	(d)	(i)	<p><b>Calculate the change in total revenue if Natan reduces the price from £25 to £20. Show your working.</b></p> <p>TR at £25 is <math>£25 \times 300 = £7500</math>            TR at £20 is <math>£20 \times 450 = £9000</math></p> <p>Change in TR = <math>£9000 - £7500 = \underline{\underline{£1500}}</math></p>	<p><b>2</b></p> <p>AO2</p>	<p>1 mark for correctly calculating <u>either</u> £7500 or £9000 (with working).            1 mark for correct answer.</p> <p>2 marks for an answer of £1500.</p>
21	(d)	(ii)	<p><b>Draw and label a diagram showing a price elastic demand curve.</b></p> 	<p><b>2</b></p> <p>AO2</p>	<p>Give 1 mark for drawing a price elastic demand curve (ensure the line is flatter than a 45° line or that any labelling on the axes suggests this)</p> <p>Give 1 mark for correctly labelling it D or demand.</p>
21	(d)	(iii)*	<p><b>Evaluate the importance of price elasticity of demand for CDS.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Could increase revenue by cutting prices if PED is price elastic (reference could be made to the calculation in Q21(di) which shows demand is price elastic) <b>OFR</b></li> </ul>	<p><b>6</b></p> <p>1xAO2            2xAO3a            3xAO3b</p>	<p><i>All level descriptors describe the <b>TOP</b> of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i></p> <p><b>Level 3 (5-6 marks)</b>            (AO2 – 1 mark, AO3a – 2 marks, AO3b – 3 marks = 6 marks)</p> <p><b>Good</b> application of knowledge of the importance of price elasticity</p>



Question	Answer	Mark	Guidance
	<ul style="list-style-type: none"> <li>• Could calculate the effect on quantity demanded of a change in price</li> <li>• Can CDS accurately calculate PED? How reliable is the data produced by Natan? Where has it come from?</li> <li>• Use price discrimination if different groups of customers have different price elasticities</li> <li>• Would customers be happy if they know they are paying a different price compared to another customer</li> <li>• Is a fall in price more important to CDS and its customers than, for example, a better quality service?</li> </ul> <p style="text-align: right; margin-right: 50px;"><b>ARA</b></p>		<p>of demand for producers. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario. <b>Reasonable</b> analysis of the importance of price elasticity of demand for producers. There is correct analysis, largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be improperly labelled or not linked to the analysis. <b>Good</b> evaluation of the importance of price elasticity of demand for producers with a fully supported judgement that is developed from a weighing up arguments/both sides/comparing alternatives.</p> <p><i>There is a well-developed and detailed line of reasoning which is coherent and logically structured. The information presented is entirely relevant and substantiated.</i></p> <p><b>Level 2 (3-4 marks)</b> (AO2 – 1 mark, AO3a – 1 mark, AO3b – 2 marks = 4 marks)</p> <p><b>Good</b> application of knowledge of the importance of price elasticity of demand for producers. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario. <b>Limited</b> analysis of the importance of price elasticity of demand for producers. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis. <b>Reasonable</b> evaluation of the importance of price elasticity of demand for producers on consumers considering arguments/both sides/comparing alternatives. There may be a judgement, but this will not be fully supported.</p> <p><i>There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</i></p>

Question	Answer	Mark	Guidance
			<p><b>Level 1 (1-2 marks)</b>                      (AO2 – 0 marks, AO3a – 1 mark, AO3b – 1 mark = 2 marks)</p> <p><b>No</b> application knowledge of the importance of price elasticity of demand for producers. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p><b>Limited</b> analysis of the importance of price elasticity of demand for producers. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis.</p> <p><b>Limited</b> evaluation of the importance of price elasticity of demand for producers that may include an incomplete consideration of arguments/both sides/comparing alternatives with unsupported statements.</p> <p><i>Information presented is basic and may be ambiguous or unstructured. The information is supported by limited evidence.</i></p> <p><b>0 marks</b>                      No response or no work worthy of credit.</p> <p><b>N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.</b></p>

Question		Answer	Mark	Guidance
22	(a)	<p><b>Explain what is meant by ‘supply’.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>The ability and willingness of firms to provide goods and services at each price in a given time period.</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO1a</p>	<p>Give 2 marks for a clear statement of supply.</p> <p>Give 1 mark for a limited answer that may ignore ‘at each price’ or the idea of a time period.</p> <p>There is no credit for an answer referring to the law of supply.</p>
22	(b)	<p><b>Explain one cause of an increase in supply.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>Fall in production costs</li> <li>Reduction in <u>indirect</u> taxation</li> <li>Increase in subsidy</li> <li>Government regulation which is beneficial to supply</li> <li>New/improved technology</li> <li>Climate changes which help improve production ability (e.g. agriculture or construction)</li> <li>Increase in the number of producers</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO1b</p>	<p>Give 1 mark for identifying a factor causing an increase in supply (e.g. lower production costs)</p> <p>Give 1 additional mark for an explanation of how it leads to an increase in supply (e.g. producers can supply more for the same cost)</p> <p>No reward for simply repeating evidence from the extract about Northlisle Airport, unless it is clearly linked to a theoretical cause of changes in supply.</p>
22	(c)	<p><b>Using a diagram, analyse how the market forces of demand and supply could affect the equilibrium price and quantity of airline flights for passengers at Northlisle Airport.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>Equilibrium is where demand equals supply</li> <li>Increase in demand leads to a rise in price and quantity</li> <li>Increase in supply leads to a fall in price, but rise in quantity</li> <li>The extent of the changes depends on the price elasticity of demand and supply and the size of the shifts in demand and/or supply</li> <li>Diagram/s</li> </ul>	<p><b>6</b></p> <p>1xAO1a 2xAO2 3xAO3a</p>	<p><i>All level descriptors describe the <b>TOP</b> of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i></p> <p><b>Level 3 (5-6 marks)</b> (AO1a – 1 mark, AO2 – 2 marks, AO3a – 3 marks = 6 marks)</p> <p><b>Reasonable</b> knowledge and understanding. All of the terms/theoretical concepts are explicitly or implicitly understood. <b>Reasonable</b> application of the likely impact of market forces on equilibrium price and quantity. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is understanding of some of the relevant elements of the scenario. <b>Good</b> analysis of the likely impact of market forces on equilibrium price and quantity. There is correct analysis in the form of developed links. These links are developed through a chain of</p>

Question	Answer	Mark	Guidance
	 <p><b>A maximum of 4 marks if no correct diagram/s</b></p> <p>Candidates may draw one diagram, as above, or one for increase in supply and one for an increase in demand.</p> <p style="text-align: right;"><b>ARA</b></p>		<p>reasoning which addresses the question. Any relevant diagram(s) are predominantly correct and linked to the analysis.</p> <p><b>Level 2 (3-4 marks)</b> (AO1a – 1 mark, AO2 – 1 mark, AO3a – 2 marks = 4 marks)</p> <p><b>Reasonable</b> knowledge and understanding. Most of the terms/theoretical concepts are explicitly or implicitly understood. <b>Limited</b> application of knowledge to the likely impact of market forces on equilibrium price and quantity. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. <b>Reasonable</b> analysis of the effect on the likely impact of market forces on equilibrium price and quantity. There is correct analysis, largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. Any relevant diagram(s), if present, may be improperly labelled or not linked to the analysis.</p> <p><b>Level 1 (1-2 marks)</b> (AO1a – 1 mark, AO2 – 0 marks, AO3a – 1 mark = 2 marks)</p> <p><b>Reasonable</b> knowledge and understanding. Some of the terms/theoretical concepts are explicitly or implicitly understood. <b>No</b> application of knowledge of the likely impact of market forces on equilibrium price and quantity. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. <b>Limited</b> analysis of the likely impact of market forces on equilibrium price and quantity. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis.</p> <p><b>0 marks</b> No response or no work worthy of credit. <b>N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.</b></p>

Question			Answer	Mark	Guidance
22	(d)	(i)	<p><b>Explain one way in which competition could affect Air Madeira.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Lower demand may lead firms to lower prices</li> <li>• Firm could earn less revenue</li> <li>• Force the airline to become more efficient (with reference to the context such as the cost data)</li> <li>• Would need to cut costs (e.g. by cutting staff costs at the airports)</li> <li>• Seek ways to innovate to help attract more than 16000 customers next year</li> <li>• Cause them to look for a merger/takeover with another airline</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO2</p>	<p>Give 1 mark for a way in which competition could affect Air Madeira.</p> <p>Give 1 more mark for some development related to the airline.</p> <p>Any answer <b>MUST</b> be in the context of a business in the airline industry.</p>
22	(d)	(ii)	<p><b>Calculate the profit or loss made by Air Madeira on the route between Northlisle and Madeira in 2019. Show your working.</b></p> <p>Total Revenue = £1024000  Total Cost = £650000 + £175000 + £225000 + £50000  = £1100000</p> <p>Profit = £1024000 – £1100000 = <b>-£76000</b> (or a loss of £76000)</p>	<p><b>2</b></p> <p>AO2</p>	<p>2 marks for correct answer. Accept a negative sign or the word 'loss'.</p> <p>1 mark for evidence of correct working, but incorrect answer, or an answer of £76000 with no indication whether it is a profit or a loss.</p>
22	(d)	(iii)*	<p><b>Evaluate the importance to Air Madeira of making a profit.</b></p> <p><b>Importance of making a profit:</b></p> <ul style="list-style-type: none"> <li>• Provides a source of internal finance</li> <li>• Provides a cheap source of finance</li> <li>• Acts as a signal for scarce resources</li> <li>• Allows the business to expand/grow</li> <li>• Encourages resources to flow to the business</li> </ul>	<p><b>6</b></p> <p>1xAO2 2xAO3a 3xAO3b</p>	<p><i>All level descriptors describe the <b>TOP</b> of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i></p> <p><b>Level 3 (5-6 marks)</b> (AO2 – 1 mark, AO3a – 2 marks, AO3b – 3 marks = 6 marks)</p> <p><b>Good</b> application of knowledge of profit to Air Madeira The terms/theoretical concepts are used/adapted/changed in the</p>

Question	Answer	Mark	Guidance
	<ul style="list-style-type: none"> <li>• Easier to secure bank finance</li> <li>• More likely to attract external investors</li> <li>• Without profit the business will eventually fail</li> </ul> <p style="text-align: center;"><b>ARA</b></p>		<p>context of the given scenario. There is good understanding of all the relevant elements of the scenario.</p> <p><b>Reasonable</b> analysis of the effect of a profit/loss on Air Madeira. There is correct analysis, largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be improperly labelled or not linked to the analysis.</p> <p><b>Good</b> evaluation of the importance of profit to Air Madeira with a fully supported judgement that is developed from a weighing up arguments/both sides/comparing alternatives.</p> <p><i>There is a well-developed and detailed line of reasoning which is coherent and logically structured. The information presented is entirely relevant and substantiated.</i></p> <p><b>Level 2 (3-4 marks)</b> (AO2 – 1 mark, AO3a – 1 mark, AO3b – 2 marks = 4 marks)</p> <p><b>Good</b> application of knowledge of profit Air Madeira. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario.</p> <p><b>Limited</b> analysis of the effect of profit on Air Madeira. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis.</p> <p><b>Reasonable</b> evaluation of the importance of profit to Air Madeira. There may be a judgement, but this will not be fully supported.</p> <p><i>There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</i></p> <p><b>Level 1 (1-2 marks)</b> (AO2 – 0 marks, AO3a – 1 mark, AO3b – 1 mark = 2 marks)</p>

Question	Answer	Mark	Guidance
			<p><b>No</b> application knowledge of profit to Air Madeira. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p><b>Limited</b> analysis of the effect of a profit on Air Madeira. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis.</p> <p><b>Limited</b> evaluation of the importance of profit to Air Madeira with unsupported statements</p> <p><i>Information presented is basic and may be ambiguous or unstructured. The information is supported by limited evidence.</i></p> <p><b>0 marks</b> No response or no work worthy of credit.</p> <p><b>N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.</b></p>

Question		Answer	Mark	Guidance
23	(a)	<p><b>Explain what is meant by ‘productivity’.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>Is a measure of the degree of efficiency in the use of factors of production in the production process</li> <li>Measured in terms of output per unit of input</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO1a</p>	<p>Give 2 marks for a clear statement of what the term means</p> <p>Give 1 mark if the general idea is present, but it lacks clarity such as simple references to output <u>and</u> input</p> <p>No reward for an answer which only refers to production/output</p>
23	(b)	<p><b>Explain one way an increase in production could lead to a rise in demand for labour.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>More output requires more resources, including labour, to produce it</li> <li>More output brings greater profit for firms, so they expand demanding more labour</li> <li>Greater output may lead to greater market share so there is increased demand for goods leading to more labour needed [derived demand]</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO1b</p>	<p>Give 2 marks if there is a valid way and clear development.</p> <p>Give 1 mark if there is a valid way, but it lacks clear development.</p>
23	(c)	<p><b>Other than an increase in demand for labour, analyse why an increase in production could be important for the economy of Oxbria.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>Increase in employment in other areas than where production has increased – multiplier effect</li> <li>Increase in profits for firms leading to greater investment and/or more income for shareholders/owners giving more consumption</li> <li>Economies of scale could be gained</li> <li>Rise in the standard of living in Oxbria</li> <li>Greater economic growth in Oxbria</li> <li>Could lead to firms seeking to increase productivity especially if there is a shortage of labour</li> </ul>	<p><b>6</b></p> <p>1xAO1a 2xAO2 3xAO3a</p>	<p><i>All level descriptors describe the <b>TOP</b> of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i></p> <p><b>Level 3 (5-6 marks)</b> (AO1a – 1 mark, AO2 – 2 marks, AO3a – 3 marks = 6 marks)</p> <p><b>Reasonable</b> knowledge and understanding. All of the terms/theoretical concepts are explicitly or implicitly understood. <b>Reasonable</b> application of the likely impact of an increase in production. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is understanding of some of the relevant elements of the scenario. <b>Good</b> analysis of the likely impact of an increase in production. There is correct analysis in the form of developed links. These links are developed through a chain of reasoning which addresses the</p>



Question	Answer	Mark	Guidance
	<p><b>NB</b> no diagram is required.</p>	<p>ARA</p>	<p>question. Any relevant diagram(s) are predominantly correct and linked to the analysis.</p> <p><b>Level 2 (3-4 marks)</b> (AO1a – 1 mark, AO2 – 1 mark, AO3a – 2 marks = 4 marks)</p> <p><b>Reasonable</b> knowledge and understanding. Most of the terms/theoretical concepts are explicitly or implicitly understood. <b>Limited</b> application of knowledge of the likely impact of low business profits. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p><b>Reasonable</b> analysis of the effect on the likely impact of an increase in production. There is correct analysis, largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be improperly labelled or not linked to the analysis.</p> <p><b>Level 1 (1-2 marks)</b> (AO1a – 1 mark, AO2 – 0 marks, AO3a – 1 mark = 2 marks)</p> <p><b>Reasonable</b> knowledge and understanding. Some of the terms/theoretical concepts are explicitly or implicitly understood. <b>No</b> application of knowledge to the likely impact of an increase in production. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p><b>Limited</b> analysis of the likely impact of an increase in production. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis or have ignored the Extract.</p> <p><b>0 marks</b> No response or no work worthy of credit.</p>

Question			Answer	Mark	Guidance
					<b>N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.</b>
23	(d)	(i)	<p><b>Explain how the UK's productivity compares with other European countries.</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Greater than the W. Europe average</li> <li>• 4<sup>th</sup> highest out of the 8 countries</li> <li>• Higher than either France or Germany</li> <li>• The 3 countries above the UK all have much smaller economies</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO2</p>	<p>Give 2 marks for a clear explanation which compares the UK to the other countries, making clear use of the data.</p> <p>Give 1 mark for a single statement or where the UK is compared to an individual country, or several individual countries e.g. UK's rate is higher than Germany.</p> <p>Do <b>not</b> reward simple repetition of the data.</p>
23	(d)	(ii)	<p><b>Explain how, "Oxbria would benefit from improving the opportunities for workers to change jobs".</b></p> <p><b>Answers may include:</b></p> <ul style="list-style-type: none"> <li>• Reduce worker unhappiness and so increase productivity</li> <li>• Reduce labour shortage in expanding industries</li> <li>• Reduce unemployment</li> <li>• Encourage workers to gain skills</li> <li>• Increase wages/working conditions if employers wished to retain workers</li> <li>• It may make it easier for Oxbria to attract more businesses to invest in the area</li> </ul> <p style="text-align: right;"><b>ARA</b></p>	<p><b>2</b></p> <p>AO2</p>	<p>Give 2 marks for a clear explanation of how labour mobility could benefit Oxbria</p> <p>Give 1 mark for a basic statement e.g. 'Labour mobility will reduce unemployment in Oxbria'.</p> <p>Answers <b>MUST</b> be in context.</p>
23	(d)	(iii)*	<p><b>Evaluate the extent to which specialisation would benefit workers in Oxbria.</b></p> <p><b>Benefits may include:</b></p> <ul style="list-style-type: none"> <li>• Increased skills as workers become more knowledgeable in their work</li> </ul>	<p><b>6</b></p> <p>1xAO2 2xAO3a 3xAO3b</p>	<p><i>All level descriptors describe the <b>TOP</b> of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i></p> <p><b>Level 3 (5-6 marks)</b> (AO2 – 1 mark, AO3a – 2 marks, AO3b – 3 marks = 6 marks)</p>

Question	Answer	Mark	Guidance
	<ul style="list-style-type: none"> <li>• Workers can do what they are best at and not what they are less good at</li> <li>• Increased job satisfaction (which is currently found to be low in Oxbria) leading to greater motivation</li> <li>• Increased standard of living which may help to counteract quite high levels of unemployment locally</li> </ul> <p><b>Potential issues may include:</b></p> <ul style="list-style-type: none"> <li>• Repetitious work can lead to boredom</li> <li>• Deskilling so unable to seek other types of work</li> <li>• Unemployment if demand for the product falls which may be a particular problem in Oxbria as unemployment is already quite high</li> <li>• Would it make the issue of labour mobility more of a problem?</li> </ul> <p style="text-align: right;"><b>ARA</b></p> <p>Answers MUST be about the benefits for the workers, rather than any other stakeholder group.</p> <p><b>NB: the question asks, ‘the extent to which’.</b></p>		<p><b>Good</b> application of knowledge of the likely impact of specialisation on workers. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario. <b>Reasonable</b> analysis of the importance of specialisation on workers. There is correct analysis, largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be improperly labelled or not linked to the analysis.</p> <p><b>Good</b> evaluation of the extent to which specialisation of workers is beneficial with a fully supported judgement that is developed from a weighing up some of the arguments for as well as at least one issue.</p> <p><i>There is a well-developed and detailed line of reasoning which is coherent and logically structured. The information presented is entirely relevant and substantiated.</i></p> <p><b>Level 2 (3-4 marks)</b> (AO2 – 1 mark, AO3a – 1 mark, AO3b – 2 marks = 4 marks)</p> <p><b>Good</b> application of knowledge of the likely impact of specialisation on workers. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario. <b>Limited</b> analysis of the importance of specialisation on workers. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis. <b>Reasonable</b> evaluation of the extent to which specialisation of workers is beneficial weighing up some of the arguments. There may be a judgement, but this will not be fully supported.</p> <p><i>There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</i></p>

Question	Answer	Mark	Guidance
			<p><b>Level 1 (1-2 marks)</b> (AO2 – 0 marks, AO3a – 1 mark, AO3b – 1 mark = 2 marks)</p> <p><b>No</b> application knowledge of the likely impact of specialisation on workers. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.</p> <p><b>Limited</b> analysis of the importance of specialisation on workers. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis.</p> <p><b>Limited</b> evaluation of the extent to which specialisation of workers is beneficial that may include an incomplete consideration of arguments with unsupported statements</p> <p><i>Information presented is basic and may be ambiguous or unstructured. The information is supported by limited evidence.</i></p> <p><b>0 marks</b> No response or no work worthy of credit.</p> <p><b>N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.</b></p>

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