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AQA

**General Certificate of Secondary Education
June 2011**

Economics   4135/4132 (Short Course)

Investigating Economic Issues

Unit 12

Mark Scheme

Mark schemes are prepared by the Principal Examiner and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation meeting attended by all examiners and is the scheme which was used by them in this examination. The standardisation meeting ensures that the mark scheme covers the candidates' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for the standardisation meeting each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed at the meeting and legislated for. If, after this meeting, examiners encounter unusual answers which have not been discussed at the meeting they are required to refer these to the Principal Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of candidates' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

1   **Total for this question: 24 marks**

1 **(a)** **(i)** *Identify the **two** stages of the economic cycle shown in **Figure 1**.*   *(2 marks)*

- Stage 1: recession (accept downturn/slump)
- Stage 2: upturn (accept recovery, recession). Boom not acceptable.

One mark for each stage; maximum two marks.

1 **(a)** **(ii)** *Briefly describe what happens to output in **each** of the two stages you identified in **1(a)(i)**.* *(2 marks)*

Describe what happens to output in the following stages:

- recession (downturn/slump) – output slows / falls / becomes negative
- upturn (recovery) – output increases (more rapidly, falls less rapidly).

1 mark for each correct description.

1 **(a)** **(iii)** *Explain how moving into recession might affect jobs **and** prices in the UK.* *(4 marks)*

Jobs: reduced demand in the economy reduces demand for labour so unemployment increases.
Prices: reduced income in the economy means firms find it harder to sell goods and services so they have to reduce prices.

One well-explained effect of recession on either jobs or prices can achieve 3 marks.

Level	Descriptor	Marks	Assessment Objective
L2	Effect(s) explained in context of recession.	4–3	AO2
L1	Effect(s) identified.	2–1	AO1
L0	No valid response.	0	

1 **(b)** *In December 2008, the government reduced VAT from 17.5% to 15%.* *Explain how this would help to bring the UK economy out of recession. (4 marks)*

Example:
A reduction in VAT would make goods and services cheaper (Level 1). This would increase consumers' (disposable) income and so increase demand which would increase GDP/bring the economy out of recession (Level 2).

Level	Descriptor	Marks	Assessment Objective
L2	Effect(s) of VAT reduction explained in context of recession.	4–2	AO2
L1	Effect of VAT reduction identified.	1	AO1
L0	No valid response.	0	

1 (c)	*Many people feel that the UK economy has benefited from being a member of the European Union (EU).*
	Do you agree that being a member of the EU is good for the UK economy? Give reasons for your answer. *(12 marks)*

Possible areas for discussion include:

Benefits to the UK economy:
- greater choice for consumers
- larger market for businesses
- benefits from division of labour and specialisation.

Disadvantages to the UK economy:
- increased competition for firms
- increased competition for jobs
- costs of meeting product/health and safety standards etc.

Examiners to annotate the level selected by using L1, L2 or L3.

Level	Descriptor	Marks	Assessment Objective
L3	Analyses benefits or disadvantages of EU membership.	6–5	AO3
L2	Explains benefit(s) or disadvantage(s) of EU membership.	4–3	AO2
L1	Knowledge of EU shown.	2–1	AO1
L0	No valid response.	0	

In addition, (and separately) award marks for evaluation using the grid below.

Note: AO3 also assesses candidates' quality of written communication. When deciding on the level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

Examiners to annotate the level selected by using E1, E2 or E3.

Level	Descriptor	Marks	Assessment Objective
E3	Candidate offers judgment with clear justification. Ideas are communicated with a clear structure and use of technical terms.	6–5	AO3 and Quality of Written Communication
E2	Candidate offers judgment with some justification. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	4–3	
E1	Candidate offers judgment with an attempt at justification. Ideas are communicated with some structure, with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	2–1	
E0	No valid response.	0	

2   **Total for this question: 22 marks**

> **2 (a)**   *State **two** possible ways the standard of living in the UK could be measured.*
>
>   *(2 marks)*

Target: to assess knowledge of how standard of living in the UK is measured.

Possible ways include:
- income (including statistical comparisons)
- access to basic necessities, eg food, shelter, warmth
- life expectancy
- 'happiness/satisfaction'
- literacy rates
- Human Development Index (HDI)
- crime rate
- access to healthcare, education etc
- measures of poverty.

One mark for each way/measure. Maximum two marks.

> **2 (b) (i)** *Explain why poverty can lead to health problems.*   *(3 marks)*

Target: to assess knowledge and understanding of how poverty might cause health problems.

Possible links could include:
- inability to afford healthcare / treatment
- poor diet
- greater likelihood of being a victim of crime.

Example:
Poverty can mean low income which means that people are less able to afford medication (Level 1) and so they are more likely to suffer illness (Level 2).

Level	Descriptor	Marks	Assessment Objective
L2	Link(s) to health problems explained.	3–2	AO2
L1	Health problem identified.	1	AO1
L0	No valid response.	0	

2 (b) (ii) *Explain the possible effect(s) on the UK economy of a large number of people suffering from poor health.* *(3 marks)*

Target: to assess knowledge and understanding of how poor health might impact upon the UK economy.

Possible effect(s) could include:
- increased government spending on healthcare
- reduced economic output
- reduced productivity.

Example:
A large number of people suffering from poor health may mean people spend less time at work (Level 1) which may reduce economic output (Level 2).

Level	Descriptor	Marks	Assessment Objective
L2	Effect(s) explained.	3–2	AO2
L1	Effect identified.	1	AO1
L0	No valid response.	0	

<table>
<tr><td>**2 (c)**</td><td>*The UK government might consider the following two methods to reduce poverty.*

• *Increasing benefit payments to those who are unemployed or on low incomes*
• *Raising the National Minimum Wage from around £6 per hour to £8 per hour.*

*Recommend which method you think would be most effective in reducing poverty in the UK. Use **Item B** and what you have learnt from your investigation of this topic to give reasons for your answer.* (14 marks)</td></tr>
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Target: to analyse and evaluate methods of reducing poverty in an economy and to apply this to the context of the UK economy.

Possible areas for discussion include:

Increasing benefit payments:
• boost income of claimants
• may reduce willingness to work.

Raising National Minimum Wage:
• boost incomes of low paid
• may increase unemployment.

Examiners to annotate the level selected by using L1, L2 or L3.

Level	Descriptor	Marks	Assessment Objective
L2	Method(s) to reduce poverty explained.	6–4	AO2
L1	Some knowledge of method(s) to reduce poverty shown.	3–1	AO1
L0	No valid response.	0	

In addition, (and separately) award marks for evaluation using the grid below.

Note: AO3 also assesses candidates' quality of written communication. When deciding on the level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

Examiners to annotate the level selected by using E1, E2 or E3

Level	Descriptor	Marks	Assessment Objective
E3	Candidate offers judgment with justification showing clear analysis of method(s) to reduce poverty. Ideas are communicated with a clear structure and use of technical terms.	8–7	AO3 and Quality of Written Communication
E2	Candidate offers judgment with some justification showing some analysis of method(s) to reduce poverty Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	6–4	
E1	Candidate offers judgment with limited justification and analysis of method(s) to reduce poverty. Ideas are communicated with some structure evident, with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	3–1	
E0	No valid response.	0	

3   **Total for this question: 22 marks**

3 (a)	*State and explain **two** economic differences between developed countries such as the UK and developing countries such as India **and/or** China.*	*(4 marks)*

Target: to assess knowledge and understanding of economic differences between the developed countries and China/India.

Possible differences include:
- rates of growth
- balance of payments
- average incomes
- income equality/inequality
- controls on development/pollution.

Example:
Rates of growth (Level 1) India's/China's growth rates are much faster than those of developed countries because of rapid expansion, spending on infrastructure, government support, export-led growth etc (Level 2).

One well-explained difference can achieve 3 marks

Level	Descriptor	Marks	Assessment Objective
L2	Economic difference(s) explained.	4–3	AO2
L1	Economic difference(s) identified.	2–1	AO1
L0	No valid response.	0	

3 (b)	*Explain **two** possible effects on **developed** countries such as the UK of the rapid economic growth of developing countries such as India **and/or** China. (6 marks)*

Target: to assess knowledge and understanding of how rapid economic growth of China and India affects developed countries.

Effects could include:
- access to wider range of goods
- wider market for firms based in developed countries
- cheaper goods, and threat of competition to domestic firms
- labour off shoring.

Example:
Effect 1: Cheaper goods (Level 1) because developing countries have large amounts of resources and cheaper labour, developed countries can benefit from cheaper imported goods/raw materials (Level 2).

Maximum 5 marks if only one effect is explained.

Level	Descriptor	Marks	Assessment Objective
L2	Effect(s) explained in context of developed countries.	6–3	AO2
L1	Effect(s) identified.	2–1	AO1
L0	No valid response.	0	

3 (c)	*Rapid economic growth in China and India has had many effects on those two countries, and the rest of the world.*
	*Which effect do you think is the most damaging in the long term? Use **Item C** and what you have learnt from your investigation of this topic to give reasons for your answer.* (14 marks)

Target: to analyse and evaluate the disadvantages of rapid economic growth in China and/or India.

Possible areas for discussion include:
- pollution: may reduce living standards
- depletion of resources: may create sustainability problems
- increasing gap between rich and poor: may create social tensions.

Examiners to annotate the level selected by using L1, L2 or L3.

Level	Descriptor	Marks	Assessment Objective
2	Effect(s) applied to either China/India/RoW.	6–4	AO2
1	Some knowledge of effect(s) shown.	3–1	AO1
0	No valid response.	0	

In addition, (and separately) award marks for analysis and evaluation using the grid below

Note: AO3 also assesses candidates' quality of written communication. When deciding on the level to be awarded, consider the degree to which the candidate orders and communicates his/her ideas.

Examiners to annotate the level selected by using E1, E2 or E3.

Level	Descriptor	Marks	Assessment Objective
3	Candidate offers judgment with justification showing clear analysis of the effect(s) which is/are most damaging. Ideas are communicated with a clear structure and use of technical terms.	8–7	AO3 and Quality of Written Communication
2	Candidate offers judgment with some justification showing some analysis of the effect(s) which is/are most damaging Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	6–4	
1	Candidate offers judgment with limited justification and analysis of the effect(s) which is/are most damaging. Ideas are communicated with some structure evident, with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication	3–1	
0	No valid response.	0	

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