

**OXFORD**

INTERNATIONAL  
AQA EXAMINATIONS

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# INTERNATIONAL AS **ECONOMICS** **EC01**

Unit 1 The Operation of Markets, Market Failure and the Role of  
Government

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Mark scheme

January 2023

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Version: 1.0 Final



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Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' 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.

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## International AS Economics mark scheme

### How to mark

#### Aims

When you are marking your allocation of scripts your main aims should be to:

- recognise and identify the achievements of students
- place students in the appropriate mark band and in the appropriate part of that mark band (high, low, middle)
- record your judgements with brief notes, annotations and comments that are relevant to the mark scheme and make it clear to other examiners how you have arrived at the numerical mark awarded
- put into a rank order the achievements of students (not to grade them – that is done later using the rank order that your marking has produced)
- ensure comparability of assessment for all students, regardless of question or examiner.

#### Approach

It is important to be **open-minded** and **positive** when marking scripts.

The specification recognises the variety of experiences and knowledge that students will have. It encourages them to study Economics in a way that is relevant to them. The questions have been designed to give them opportunities to discuss what they have found out about Economics. It is important to assess the quality of **what the student offers**.

#### Assessment Objectives

This component requires students to:

AO1	Demonstrate knowledge of terms/concepts and theories/models to show an understanding of the behaviour of economic agents and how they are affected by and respond to economic issues.
AO2	Apply knowledge and understanding to various economic contexts to show how economic agents are affected by and respond to economic issues.
AO3	Analyse issues within economics, showing an understanding of their impact on economic agents.
AO4	Evaluate economic arguments and use qualitative and quantitative evidence to support informed judgements relating to economic issues.

#### The marking grids

The marking grids cover all the Assessment Objectives indicated as being assessed in each question, followed by indicative content for individual tasks. These have been designed to allow assessment of the range of knowledge, understanding and skills that the specification demands.

The indicative content gives examples of the kind of things students might cover in their responses. They are neither exhaustive nor required – they are simply indicative of what could appear. Other valid content presented in student responses should always be credited.

## Using the grids

These levels of response mark schemes are broken down into levels, each of which has descriptors. The descriptors for the level show the performance characteristics of the level. There is the same number of marks in each level. The number of marks per level varies depending upon the total number of marks allocated to the question.

Having familiarised yourself with the descriptors and indicative content, read through the answer and annotate it to identify the qualities that are being looked for and that it shows. You can now check the levels and award a mark.

### Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptors for that level. The descriptors for the level indicate the different qualities that might be seen in the student's answer for that level.

When assigning a level, you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best-fit approach for defining the level and then use the variability of the response to help decide the mark within the level; ie if the response fulfils most but not all of level 3 with a small amount of level 4 material, it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

### Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark.

It is often best to start in the middle of the level's mark range and then check and adjust.

The exemplar materials used during standardisation should be referred to. There will be an answer in the standardising materials that will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is of the same standard, better or worse. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

An answer that contains nothing of relevance to the question must be awarded no marks.

Examiners are required to assign each of the students' responses to the most appropriate level according to its overall quality, then allocate a single mark within the level. When deciding upon a mark in a level, examiners should bear in mind the relative weightings of the assessment objectives and be careful not to over/under credit a particular skill. For example, in question 21 more weight should be given to AO4 than to AO1, AO2 and AO3. This will be exemplified and reinforced as part of examiner training.

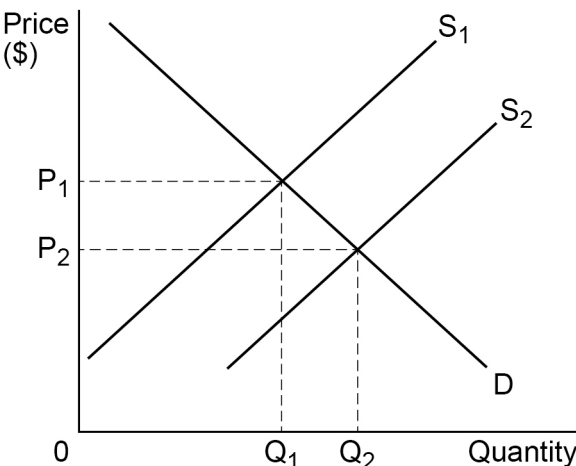
## Annotating scripts

Annotating scripts will help you with making accurate judgements and it will help any subsequent markers to identify how you are thinking. Please do not write negative comments about students' work; this is unprofessional and it impedes a positive marking approach.

Section A

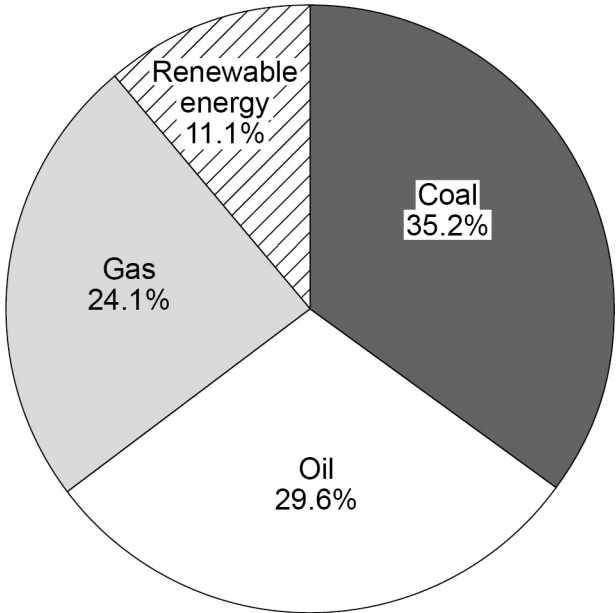
Total for this section: 15 marks

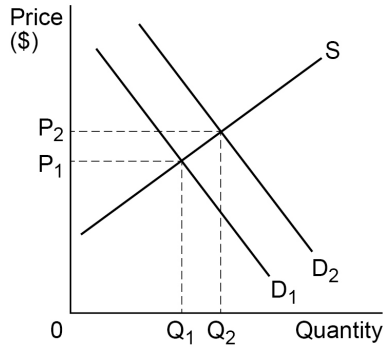
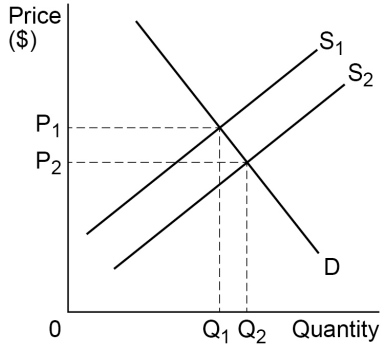
Question	Part	Marking guidance	Total marks
01		Which one of the following is an advantage of a centrally planned economy?  Answer: <b>B</b> (Lower levels of income inequality can be achieved.)	1  AO1 = 1

Question	Part	Marking guidance	Total marks
02		 <p>Which one of the following is most likely to cause the supply curve for cocoa to shift from <math>S_1</math> to <math>S_2</math>?</p> <p>Answer: <b>D</b> (The government removing the indirect tax on cocoa.)</p>	1  AO2 = 1

Question	Part	Marking guidance	Total marks				
03		<table border="1" data-bbox="375 1512 1300 1668"> <thead> <tr> <th>Annual total revenue (2020)</th> <th>Average number of customers per month</th> </tr> </thead> <tbody> <tr> <td>\$386 billion</td> <td>460 million</td> </tr> </tbody> </table> <p>In 2020, what was the online retailer's average revenue for one customer per month, to the nearest dollar?</p> <p>Answer: <b>B</b> (\$70)</p>	Annual total revenue (2020)	Average number of customers per month	\$386 billion	460 million	1  AO3 = 1
Annual total revenue (2020)	Average number of customers per month						
\$386 billion	460 million						

Question	Part	Marking guidance	Total marks
04		In the short run, the supply of land is fixed. Therefore, in the short run, the price elasticity of supply of land is  Answer: <b>D</b> (perfectly inelastic.)	<b>1</b>  <b>AO1 = 1</b>

Question	Part	Marking guidance	Total marks
05		 <p>Which one of the following can be concluded from <b>Figure 2</b>?  Answer: <b>B</b> (Non-renewable energy sources were more than 85% of total energy production.)</p>	<b>1</b>  <b>AO2 = 1</b>

Question	Part	Marking guidance	Total marks
06		<p style="text-align: center;"><b>Good X</b></p>  <p style="text-align: center;"><b>Good Y</b></p>  <p>Which one of the following relationships is illustrated by the diagrams?</p> <p>Answer: <b>D</b> (Joint supply)</p>	<p><b>1</b></p> <p><b>AO2 = 1</b></p>

Question	Part	Marking guidance	Total marks
07		<p>Which one of the following is an example of an internal economy of scale?</p> <p>Answer: <b>B</b> (Banks offer cheaper loans to larger firms.)</p>	<p><b>1</b></p> <p><b>AO1 = 1</b></p>

Question	Part	Marking guidance	Total marks
08		<p>Which one of the following is the most likely cause of excess supply in a market?</p> <p>The government setting</p> <p>Answer: <b>C</b> (a minimum price above the equilibrium price.)</p>	<p><b>1</b></p> <p><b>AO1 = 1</b></p>

Question	Part	Marking guidance	Total marks
09		<p>Which one of the following can be concluded from the data?</p> <p>Answer: <b>C</b> (A 10% increase in the price of petrol cars will lead to a 3.6% increase in the demand for electric cars.)</p>	<p><b>1</b></p> <p><b>AO3 = 1</b></p>

Question	Part	Marking guidance	Total marks
10		In Economics, one difference between the short run and the long run is that in the long run  Answer: <b>A</b> (all factors of production are variable.)	1  <b>AO1 = 1</b>

Question	Part	Marking guidance	Total marks
11		Which one of the following is most likely to stop the price of onions rising?  The government  Answer: <b>D</b> (releasing onions onto the market.)	1  <b>AO2 = 1</b>

Question	Part	Marking guidance	Total marks
12		Which one of the following combinations gives the characteristics of a public good?  Answer: <b>C</b> (Non-excludable, Non-rival in consumption)	1  <b>AO1 = 1</b>

Question	Part	Marking guidance	Total marks
13		Which one of the following combinations is correct?  Answer: <b>D</b> (\$200bn, 12.5%)	1  <b>AO3 = 1</b>

Question	Part	Marking guidance	Total marks
14		If the firm increases the price of its products, what will happen to its average revenue, total revenue and profit?  Answer: <b>D</b> (Increase, Increase, Increase)	1  <b>AO3 = 1</b>

Question	Part	Marking guidance	Total marks
15		Which one of the following is most likely to cause the production possibility boundary (PPB) of an economy to shift to the right?  Answer: <b>A</b> (An increase in the capital stock)	1  <b>AO2 = 1</b>



Section B

Total for this section: 65 marks

Question	Part	Marking guidance	Total marks
16	1	<p>Define 'opportunity cost' (<b>Extract B</b>, line 17).</p> <p><b>A full and precise definition is given (3 marks)</b></p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• the next best alternative forgone</li> <li>• the next best choice that is sacrificed when a decision is made.</li> </ul> <p><b>The substantive content of the definition is correct, but there may be some imprecision or inaccuracy (2 marks)</b></p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• advantages given up when another option is chosen</li> <li>• cost of one good in terms of another.</li> </ul> <p><b>Fragmented points only (1 mark)</b></p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• benefits given up</li> <li>• benefits lost.</li> </ul>	<p><b>3</b></p> <p><b>AO1 = 3</b></p>

Question	Part	Marking guidance	Total marks
16	2	<p>Define 'product differentiation' (<b>Extract B</b>, line 14).</p> <p><b>A full and precise definition is given (3 marks)</b></p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• how firms make their goods and services appear different from other firms' products</li> <li>• the process of distinguishing a good or service from rivals in the market</li> <li>• a strategy which attempts (through innovative design, packaging, positioning etc.) to make a clear distinction between products serving the same market segment.</li> </ul> <p><b>The substantive content of the definition is correct, but there may be some imprecision or inaccuracy (2 marks)</b></p> <p>Example:</p> <ul style="list-style-type: none"> <li>• making the product different from other firms' products in the same market.</li> </ul> <p><b>Fragmented points only (1 mark)</b></p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• making a product stand out</li> <li>• offering a different product or service.</li> </ul>	<p><b>3</b></p> <p><b>AO1 = 3</b></p>

**MAXIMUM FOR QUESTION 16: 6 MARKS**

Question	Part	Marking guidance	Total marks								
17	1	<p><b>Extract B</b> (lines 20–22) states: ‘It is predicted that total revenue from the sale of fast food in South Africa will increase to around \$4.9 billion by 2026. This would account for 0.5% of the global revenue for the fast food industry.’</p> <p>Calculate the predicted global revenue for the fast food industry in 2026.</p> <p>Calculation:</p> $\frac{4.9}{0.5} \times 100 = 9.8 \times 100 = \$980\text{bn}$ <table border="1" data-bbox="368 772 1286 1350"> <thead> <tr> <th data-bbox="368 772 1129 871">Response</th> <th data-bbox="1129 772 1286 871">Max 3 marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="368 871 1129 999">For the correct answer: \$980bn (With or without working shown)</td> <td data-bbox="1129 871 1286 999">3 marks</td> </tr> <tr> <td data-bbox="368 999 1129 1104">For the correct answer but with units missing (either \$ or bn): \$980 or 980bn</td> <td data-bbox="1129 999 1286 1104">2 marks</td> </tr> <tr> <td data-bbox="368 1104 1129 1350">                     For the correct answer but both units of measurement missing: 980   <b>OR</b>                       For the correct working but with the wrong answer                 </td> <td data-bbox="1129 1104 1286 1350">1 mark</td> </tr> </tbody> </table>	Response	Max 3 marks	For the correct answer: \$980bn (With or without working shown)	3 marks	For the correct answer but with units missing (either \$ or bn): \$980 or 980bn	2 marks	For the correct answer but both units of measurement missing: 980  <b>OR</b>  For the correct working but with the wrong answer	1 mark	<p><b>3</b></p> <p><b>AO1 = 1</b> <b>AO2 = 2</b></p>
Response	Max 3 marks										
For the correct answer: \$980bn (With or without working shown)	3 marks										
For the correct answer but with units missing (either \$ or bn): \$980 or 980bn	2 marks										
For the correct answer but both units of measurement missing: 980  <b>OR</b>  For the correct working but with the wrong answer	1 mark										

Question	Part	Marking guidance	Total marks								
17	2	<p><b>Extract B</b> (lines 12–13) states: ‘Throughout the world, in this market in 2020, there were 830 400 businesses employing 13 114 000 people.’</p> <p>Calculate the mean number of people employed in each business in 2020. Give your answer to the <b>nearest whole number</b>.</p> <p>Calculation:</p> $\frac{13\,114\,000}{830\,400} = 15.79, \text{ rounded to } 16 \text{ people}$ <table border="1" data-bbox="368 775 1287 1379"> <thead> <tr> <th data-bbox="368 775 1129 871">Response</th> <th data-bbox="1134 775 1287 871">Max 3 marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="368 878 1129 1021">For the correct answer: 16 (With or without working shown)</td> <td data-bbox="1134 878 1287 1021">3 marks</td> </tr> <tr> <td data-bbox="368 1028 1129 1263">For correct answer but not rounded to the nearest whole number: eg 15.79  <b>OR</b> For the correct answer but rounded the wrong way: 15</td> <td data-bbox="1134 1028 1287 1263">2 marks</td> </tr> <tr> <td data-bbox="368 1270 1129 1379">For the correct working but with the wrong answer</td> <td data-bbox="1134 1270 1287 1379">1 mark</td> </tr> </tbody> </table>	Response	Max 3 marks	For the correct answer: 16 (With or without working shown)	3 marks	For correct answer but not rounded to the nearest whole number: eg 15.79  <b>OR</b> For the correct answer but rounded the wrong way: 15	2 marks	For the correct working but with the wrong answer	1 mark	<p><b>3</b></p> <p><b>AO1 = 1</b> <b>AO2 = 2</b></p>
Response	Max 3 marks										
For the correct answer: 16 (With or without working shown)	3 marks										
For correct answer but not rounded to the nearest whole number: eg 15.79  <b>OR</b> For the correct answer but rounded the wrong way: 15	2 marks										
For the correct working but with the wrong answer	1 mark										

**MAXIMUM FOR QUESTION 17: 6 MARKS**

Question	Part	Marking guidance	Total marks
18	1	<p><b>Extract B</b> (line 1) states: 'It is often assumed that food, including healthy food such as fruit, is a normal good'.</p> <p>Explain how changes in income are likely to affect the demand for fruit.</p>	<p><b>6</b></p> <p><b>AO1 = 2</b> <b>AO2 = 2</b> <b>AO3 = 2</b></p>

Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question.

Level	Marks	Descriptor
3	5–6	<ul style="list-style-type: none"> <li>Shows sound knowledge and understanding of relevant economic terminology, concepts and principles.</li> <li>Includes good application of relevant economic principles to support the response.</li> <li>Includes well-focused analysis with a clear, logical chain of reasoning.</li> </ul>
2	3–4	<ul style="list-style-type: none"> <li>Shows reasonable knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present.</li> <li>Includes reasonable application of relevant economic principles to the question.</li> <li>Includes some reasonable analysis but it might not be adequately developed and may be confused in places.</li> </ul>
1	1–2	<ul style="list-style-type: none"> <li>Shows limited knowledge and understanding of relevant economic terminology, concepts and principles.</li> <li>Includes limited application of relevant economic principles to the question.</li> <li>May include some limited analysis but the analysis lacks focus and/or becomes confused.</li> </ul>
	0	No creditworthy material

#### Indicative content:

- definition of income, normal good, inferior good and YED
- as consumer incomes rise, households can afford more fruit
- higher levels of fruit consumption lead to greater satisfaction
- identification and explanation of demand for fruit as a normal good, ie as incomes rise demand for fruit is also likely to increase
- an increase in income is likely to shift the demand curve for fruit to the right
- the demand for fruit may not be very responsive to a change in income, ie if YED is less than 1
- there are limits to the amount of fruit people can eat
- as incomes rise, consumers might spend more on fruit but they might spend proportionately more on other products
- explain why a rise in income might lead to a fall in the demand for fruit
- explain why a rise in income may lead to an increase in the demand for some fruits but a fall in the demand for other fruits.

**Note:** Some students may support their answer with a diagram/diagrams but this is not needed for full marks.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
18	2	<p>To what extent do the data suggest that income affects the demand for fruit in South Africa?</p> <p>Use the data in <b>Extract A</b> to support your answer.</p>	<p><b>6</b></p> <p><b>AO2 = 1</b> <b>AO3 = 1</b> <b>AO4 = 4</b></p>

Examiners are reminded that AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question.

Level	Marks	Descriptor
3	5–6	<ul style="list-style-type: none"> <li>Includes sound evidence that indicates the extent to which income affects the demand for fruit in South Africa.</li> <li>Includes a supported overall judgement concerning the extent to which income may affect the demand for fruit in South Africa.</li> </ul>
2	3–4	<ul style="list-style-type: none"> <li>Includes limited evidence that indicates the extent to which income affects the demand for fruit in South Africa.</li> <li>Attempts a judgement concerning the extent to which income may affect the demand for fruit in South Africa but this may not be adequately supported by the data.</li> </ul>
1	1–2	<ul style="list-style-type: none"> <li>Includes evidence that does not clearly indicate the extent to which income affects the demand for fruit in South Africa.</li> <li>May include an unsupported judgement concerning the extent to which income may affect the demand for fruit in South Africa.</li> </ul>
	0	No creditworthy material

#### Indicative content:

- for most of the period, there is some evidence that the consumption of/demand for fruit in South Africa is directly related to income
- when income increases from US\$6351 in 2008 to US\$8811 in 2011, the consumption of fruit increases from 36.20 kg per person to 38.61 kg per person
- when income falls from US\$8811 in 2011 to US\$6691 in 2017, the consumption of fruit falls from 38.61 kg per person to 21.54 kg per person
- however, between 2005 and 2008, income increases but the consumption of fruit falls: income rises from US\$6033 to US\$6351 but the consumption of fruit falls from 36.45 kg per person to 36.20 kg per person
- also, income is higher at the end of the period than at the start of the period but consumption of fruit is lower, ie in 2005 income per person is US\$6033 but in 2017 it is higher at US\$6691 whereas the consumption of fruit is much lower in 2017 at 21.54 kg per person compared to 36.45 kg per person in 2005
- even when there is a direct relationship between income and the consumption of fruit, the changes are quite different in percentage terms, eg between 2011 and 2014 income fell by 21% and the consumption of fruit fell by 22% whereas between 2014 and 2017 income only fell by 4% but the consumption of fruit fell by 29%
- there is some evidence to suggest there is a direct relationship between income and the demand for fruit but there is also evidence of an inverse relationship, the data do not suggest there is a strong relationship between income and the demand for fruit
- there may be other factors that have more effect on the demand for fruit than income, such as, the price of fruit, the availability of substitutes, and tastes and preferences
- there may be time lags between changes in income and the demand for fruit

- data do not cover every year and this may mean that the relationship between income and the consumption of fruit is not readily apparent from the data, eg if there are time lags
- the likely conclusion is that changes in income may have some effect on the demand for fruit but income is not the only factor and does not appear to be very important.

Credit valid alternative content.

**MAXIMUM FOR QUESTION 18: 12 MARKS**

Question	Part	Marking guidance	Total marks
19		<p><b>Extract C</b> (lines 6–7) states: ‘Some argue that healthy food is a merit good and will be underconsumed if left to the free market.’</p> <p>With the help of a diagram, explain why healthy food is likely to be underconsumed if left to the free market.</p>	<p><b>9</b></p> <p><b>AO1 = 2</b>  <b>AO2 = 4</b>  <b>AO3 = 3</b></p>

Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question.

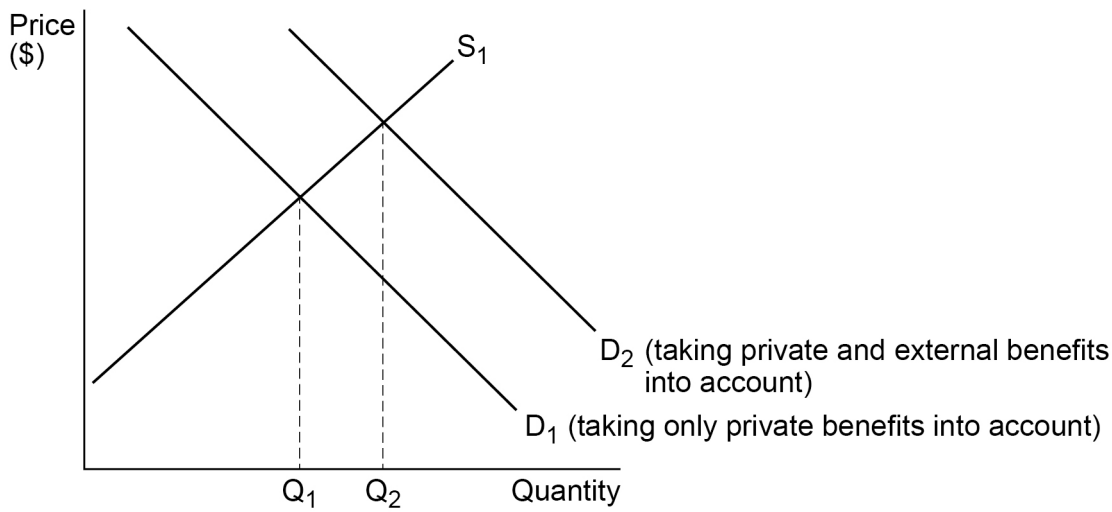
Level	Marks	Descriptor
3	7–9	<ul style="list-style-type: none"> <li>Is well organised and develops one or more of the key issues that are relevant to the question.</li> <li>Shows sound knowledge and understanding of relevant economic terminology, concepts and principles.</li> <li>Includes good application of relevant economic principles and/or good use of data to support the response.</li> <li>Includes well-focused analysis with a clear, logical chain of reasoning.</li> <li>Includes a relevant diagram, that will, at the top of this level, be accurate and used appropriately to support their explanation.</li> </ul>
2	4–6	<ul style="list-style-type: none"> <li>Includes one or more issues that are relevant to the question.</li> <li>Shows reasonable knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present.</li> <li>Includes reasonable application of relevant economic principles and/or data to the question.</li> <li>Includes some reasonable analysis but it might not be adequately developed and may be confused in places.</li> <li>May include a relevant diagram to support their explanation.</li> </ul>
1	1–3	<ul style="list-style-type: none"> <li>Is very brief and/or lacks coherence.</li> <li>Shows some limited knowledge and understanding of economic terminology, concepts and principles but some errors are likely.</li> <li>Demonstrates very limited ability to apply relevant economic principles and/or data to the question.</li> <li>May include some very limited analysis but the analysis lacks focus and/or becomes confused.</li> <li>May include a diagram but the diagram is likely to be inappropriate or inaccurate in some respects, or not used.</li> </ul>
	0	No creditworthy material

### Indicative content

The expected diagram involves two demand curves resulting in two potential equilibrium quantities –  $Q_1$ , the free market output, only taking the private benefits of consumption into account and  $Q_2$ , the socially optimum output, taking into account the private plus external benefits of consumption.

Alternative valid diagrams should be credited.





**Relevant issues include:**

- meanings of merit goods, underconsumption and/or free market
- identification and explanation of healthy food as a merit good
- difference between private, external and social benefits
- benefits to individuals from consumption as well as external benefits to wider society
- how the free market equilibrium output for healthy food is determined
- why the socially optimal output is higher than the free market equilibrium output
- why the existence of positive externalities and/or future benefits are likely to result in underproduction/underconsumption
- how information failure may contribute to underconsumption.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
20		<p><b>Extract B</b> (line 9) states: ‘There are many reasons why the demand for fast food has increased.’</p> <p>Analyse possible causes of the increase in the demand for fast food.</p>	<p><b>12</b></p> <p><b>AO1 = 3</b>  <b>AO2 = 4</b>  <b>AO3 = 5</b></p>

Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives.

Level	Marks	Descriptor
3	9–12	<ul style="list-style-type: none"> <li>Is well organised and develops one or more of the key issues that are relevant to the question.</li> <li>Shows sound knowledge and understanding of relevant economic terminology, concepts and principles.</li> <li>Includes good application of relevant economic principles and/or good use of data to support the response.</li> <li>Includes well-focused analysis with a clear, logical chain of reasoning.</li> <li>May include a relevant diagram that is accurate and used appropriately to support their explanation.</li> </ul>
2	5–8	<ul style="list-style-type: none"> <li>Includes one or more issues that are relevant to the question.</li> <li>Shows reasonable knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present.</li> <li>Includes reasonable application of relevant economic principles and/or data to the question.</li> <li>Includes some reasonable analysis but it might not be adequately developed and may be confused in places.</li> <li>May include a relevant diagram to support their explanation.</li> </ul>
1	1–4	<ul style="list-style-type: none"> <li>Is very brief and/or lacks coherence.</li> <li>Shows some limited knowledge and understanding of economic terminology, concepts and principles but some errors are likely.</li> <li>Demonstrates very limited ability to apply relevant economic principles and/or data to the question.</li> <li>May include some very limited analysis but the analysis lacks focus and/or becomes confused.</li> <li>May include a diagram but the diagram is likely to be inaccurate in some respects or is inappropriate.</li> </ul>
	0	No creditworthy material

#### Indicative content:

- meaning and examples of fast food
- an explanation of how the demand for fast food will be affected by its price
- analysis of the significance of price elasticity of demand
- the impact of the establishment of new fast food shops/restaurants, increasing choice and availability
- the likely effects of greater convenience on the demand for fast food
- analysis of the impact of advertising and branding by fast food companies
- analysis of how information failure may lead to an increase in the demand for fast food
- the likely effects of changes in tastes/preferences/social norms/lifestyles
- the impact of increased population and/or change in age structure on the demand for fast food

- analysis of the effects of increased urbanisation, eg those living in urban areas have easier/greater access to fast food shops and restaurants
- analysis of how changes in income may affect the demand for fast food
- analysis of the significance of income elasticity of demand
- analysis of how changes in the price of substitutes may affect the demand for fast food
- analysis of the significance of cross elasticities of demand.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
21		<p><b>Extract C</b> (lines 7–8) states: ‘government policies might be needed to encourage households to consume more healthy food’.</p> <p>Use the extracts and your knowledge of economics to assess policies that governments could use to increase the consumption of healthy food.</p>	<p><b>20</b></p> <p><b>AO1 = 3</b>  <b>AO2 = 4</b>  <b>AO3 = 5</b>  <b>AO4 = 8</b></p>

Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question. More weight should therefore be given to AO4 than AO1, AO2 and AO3.

Level	Marks	Descriptor
5	17–20	<p><b>Sound, focused analysis and well-supported evaluation that:</b></p> <ul style="list-style-type: none"> <li>is well organised, showing sound knowledge and understanding of economic terminology, concepts and principles with few, if any, errors</li> <li>includes good application of relevant economic principles to the given context and, where appropriate, good use of data to support the response</li> <li>includes well-focused analysis with clear, logical chains of reasoning</li> <li>includes supported evaluation throughout the response and in a final conclusion.</li> </ul>
4	13–16	<p><b>Sound, focused analysis and some supported evaluation that:</b></p> <ul style="list-style-type: none"> <li>is organised, showing sound knowledge and understanding of economic terminology, concepts and principles but some minor errors may be present</li> <li>includes some good application of relevant economic principles to the given context and, where appropriate, some good use of data to support the response</li> <li>includes some well-focused analysis with clear, logical chains of reasoning</li> <li>includes some reasonable, supported evaluation.</li> </ul>
3	9–12	<p><b>Some reasonable analysis but generally unsupported evaluation that:</b></p> <ul style="list-style-type: none"> <li>focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present</li> <li>includes reasonable application of relevant economic principles to the given context and, where appropriate, some use of data to support the response</li> <li>includes some reasonable analysis but which might not be adequately developed or becomes confused in places</li> <li>includes fairly superficial evaluation; there is likely to be some attempt to make relevant judgements but these aren’t well-supported by arguments and/or data.</li> </ul>
2	5–8	<p><b>A fairly weak response with some understanding that:</b></p> <ul style="list-style-type: none"> <li>includes some limited knowledge and understanding of economic terminology, concepts and principles is shown but some errors are likely</li> <li>includes some limited application of relevant economic principles to the given context and/or data to the question</li> <li>includes some limited analysis but it may lack focus and/or become confused</li> <li>includes some evaluation which is weak and unsupported.</li> </ul>
1	1–4	<p><b>A very weak response that:</b></p> <ul style="list-style-type: none"> <li>includes little relevant knowledge and understanding of economic terminology, concepts and principles</li> <li>includes application to the given context which is, at best, very weak</li> <li>includes attempted analysis which is weak and unsupported.</li> </ul>
	0	No creditworthy material

**Indicative content:**

- knowledge of the market for healthy food
- possible market failures – positive and negative externalities, healthy food as a merit good
- analysis of the impact of subsidising healthy food
- assessment of the significance of the size of the subsidy and the PED
- analysis of the impact of imposing indirect taxes on unhealthy food
- how the revenue generated from indirect taxes can be used to subsidise healthy food
- assessment of the significance of the size of the tax and the PED
- banning adverts and marketing of unhealthy food in order to reduce demand
- supplying healthy foods to some people and banning or restricting the sale of unhealthy foods
- analysis and evaluation of the impact of different policies on the revenue and expenditure of firms and government
- evaluation of the impact of food labelling and education in schools about nutrition to reduce information asymmetry
- explanation of how value judgements might influence economic decision making and policy
- use of the data in extracts to support the evaluation of policies, eg PED for healthy and unhealthy food
- evaluate the significance of different situations and priorities of different countries
- awareness that access to healthy foods might be an issue in some countries and for some people
- use the experience of particular countries to support the evaluation of policies
- analysis of possible unintended consequences of government intervention to support the evaluation of different policies, eg impact on inequality, food wastage
- assessment of the opportunity cost of different government policies
- discussion of market failure versus government failure
- an overall assessment of costs, benefits and effectiveness of policies to encourage consumption of healthy foods.

The use of relevant diagrams to support the analysis should be taken into account when assessing the quality of the student's response to the question.

Credit valid alternative content.

## Assessment Objectives Grid

	AO1	AO2	AO3	AO4	Total
<b>Section A</b>					
01	1				1
02		1			1
03			1		1
04	1				1
05		1			1
06		1			1
07	1				1
08	1				1
09			1		1
10	1				1
11		1			1
12	1				1
13			1		1
14			1		1
15		1			1
<b>Section B</b>					
16.1	3				3
16.2	3				3
17.1	1	2			3
17.2	1	2			3
18.1	2	2	2		6
18.2		1	1	4	6
19	2	4	3		9
20	3	4	5		12
21	3	4	5	8	20
<b>Unit total</b>	<b>24</b>	<b>24</b>	<b>20</b>	<b>12</b>	<b>80</b>