GCE A LEVEL MARKING SCHEME

SUMMER 2025

A LEVEL
ECONOMICS – COMPONENT 1
A520U10-1

About this marking scheme

The purpose of this marking scheme is to provide teachers, learners, and other interested parties, with an understanding of the assessment criteria used to assess this specific assessment.

This marking scheme reflects the criteria by which this assessment was marked in a live series and was finalised following detailed discussion at an examiners' conference. A team of qualified examiners were trained specifically in the application of this marking scheme. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners. It may not be possible, or appropriate, to capture every variation that a candidate may present in their responses within this marking scheme. However, during the training conference, examiners were guided in using their professional judgement to credit alternative valid responses as instructed by the document, and through reviewing exemplar responses.

Without the benefit of participation in the examiners' conference, teachers, learners and other users, may have different views on certain matters of detail or interpretation. Therefore, it is strongly recommended that this marking scheme is used alongside other guidance, such as published exemplar materials or Guidance for Teaching. This marking scheme is final and will not be changed, unless in the event that a clear error is identified, as it reflects the criteria used to assess candidate responses during the live series.

GENERAL MARKING GUIDANCE

Positive Marking

It should be remembered that learners are writing under examination conditions and credit should be given for what the learner writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good response to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for a less than perfect answer if it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

For each question there is a list of indicative content which suggest the range of economic concepts, theory, issues and arguments which might be included in learners' answers. This is not intended to be exhaustive and learners do not have to include all the indicative content to reach the highest level of the mark scheme.

The level-based mark schemes sub-divide the total mark to allocate to individual assessment objectives. These are shown in bands in the mark scheme. For each assessment objective a descriptor will indicate the different skills and qualities at the appropriate level. Learner's responses to questions are assessed against the relevant individual assessment objectives and they may achieve different bands within a single question. A mark will be awarded for each assessment objective targeted in the question and then totalled to give an overall mark for the question.

GCE A LEVEL ECONOMICS – COMPONENT 1

SUMMER 2025 MARK SCHEME

SECTION A

Q	Answer	AO
1	E	AO1
2	D	AO2
3	A	AO1
4	A	AO1
5	B	AO2
6	D	AO2
7	E	AO2
8	B	AO2
9	B	AO1
10	C	AO1
11	E	AO1
12	C	AO2
13	C	AO1
14	B	AO1
15	C	AO1
16	B	AO2
17	D	AO2
18	E	AO2
19	C	AO1
20	C	AO2

AO1: 10
AO2: 10

SECTION B.

21. Briefly explain what is represented by the following areas in the diagram:

(a)	**W**	**[2]**
(b)	**X + Z**	**[2]**
(c)	**Y**	**[2]**

(a) AO2 Increase in the producer surplus (1)
AO3 The higher price and output both increase producer surplus and higher profit for local producers (1)

(b) AO2 Welfare/deadweight loss as a result of the imposition of the tariff (1)
AO3 Areas X and Z show consumer surplus that is lost and not transferred to either local producers or the government. Therefore, welfare is lost. (1)

(c) AO2 Tax/tariff revenue for the government (1)
AO3 The tax per unit x the quantity of imports (Q2-Q3) (1)

22. Using the information in the image, outline two necessary conditions for price discrimination to be used by a firm when selling a product or service. [4]

Each point is AO1 (1) + AO2 (1)

No seepage/arbitrage.
Consumers cannot resell their bookings to others in another sub market. (AO1)
Someone hiring in February cannot resell that hire to someone hiring in July. (AO2)

Separability
Markets have to be separable into sub markets at low cost. (AO1: 1).
This is possible because prices vary by season/month of the year (AO2: 1)

Different PEDs
Submarkets have to have different PED to make price discrimination worthwhile/profitable (AO1: 1).
Prices are higher in the summer months (£155) than at other times of year because demand is more price inelastic in the summer months (AO2: 1).

Price Setting power.
The firm has a degree of price setting power (AO1:1)
The firm has sole control over access to beach huts in that area. (AO2:1)

Definition of price discrimination only (AO1: 1)

23	**Explain why the total revenue curve for the firm is shaped as shown in the diagram. [4]**	
Band	**AO2**	**AO3**
2	**2 marks** **Good application** The diagram is used directly in the answer to show that revenue rises and then falls	**2 marks** **Good analysis** Explanation of why revenue rises and then falls is present, making use of the concept of PED or marginal revenue..
1	**1 mark** **Limited application** Reference to the diagram may be limited or superficial.	**1 mark** **Limited analysis** Some explanation of why revenue either rises or falls is present, but depth is lacking
0	**0 marks** No valid application	**0 marks** No valid analysis

Indicative content

AO2
Revenue is initially zero at Q0, rising to a maximum at Q2. After Q2, total revenue falls, eventually reaching zero at Q4. (marks are only to be awarded when the data is applied to correct analysis)

AO3
To the left of Q2, demand is price elastic. As the firm cuts price to increase output, demand will therefore rise more than proportionately, increasing total revenue. After Q2, demand is inelastic (past the midpoint of the demand curve). Further attempts to increase demand by cutting price will therefore result in a fall in total revenue because demand will rise less than proportionately.

Allow some credit for observations that total revenue is zero at Q0 because no units are sold and that at Q4 total revenue is zero because price will be zero. To the left of Q2 MR is positive and to the right of Q2 MR is negative.

Credit candidates who effectively use the change in MR from positive to negative as the basis of their answer.

24	**Using the data, discuss whether compulsory food labels are likely to correct market failure in Jamaica in this case. [8]**		
	AO2	**AO3**	**AO4**
Band 3		**3 marks** **Excellent analysis** Strong chains of reasoning are used to explain why market failure could be corrected.	**3 marks** **Excellent evaluation** Clear judgements are made about the likely effectiveness of introducing compulsory food labels as a solution to market failure
Band 2	**2 marks** **Good application** The data is used effectively to support both sides of the argument.	**2 marks** **Good analysis** Developed chains of reasoning are used to explain how demand might be reduced	**2 marks** **Good evaluation** Clear judgements or counterarguments are made about the likely effectiveness of introducing compulsory food labels
Band 1	**1 mark** **Limited application** The data is used only to support one side of the argument. Reference to the data may be superficial.	**1 mark** **Limited analysis** Chains of reasoning are weak with explanations relying heavily of assertions and little use of theory.	**1 mark** **Limited evaluation** Counterarguments are present but evaluation is superficial, undeveloped or unconvincing.
Band 0	**0 marks** No valid use of the data.	**0 marks** No valid analysis.	**0 marks** No valid evaluation.

Indicative content.

AO2.
Regulation is needed because:

Evidence from the data that there is incorrect or missing information on 12% of labels and even when correct the labels are complex and difficult to understand.
80 to 90% of all pre-packaged foods contain harmful levels of additives and ingredients.
Up to 70% of Jamaica's population die from lifestyle diseases.
Labels are complex and difficult to understand.

But:
Food companies have huge marketing budgets, so even if compulsory labelling is introduced, they may find other ways to sustain sales.
Labels are 'complex and difficult to understand'.

AO3
Food labelling will possibly correct market failure – the problem of asymmetric information/information failure.
Consumers have a right to know the content of food products – '70% of the Jamaican population die from lifestyle diseases.
With more information consumers would change their behaviour – information asymmetry is leading to overconsumption of unhealthy foods, meaning that resources are misallocated. This results in a welfare loss.

Some candidates will draw a negative consumption externalities diagram, which should show the demand curve (MPB) shifting to the left with consumption falling and thus closer to the social optimum level.

Max band 1 AO3 if there is no use of theory e.g. asymmetry of information, welfare loss, demerit goods etc.

AO4
Food labels may be 'inaccurate, complex, difficult to understand'.
Consumers may ignore labels – products are addictive/popular.
Food companies have huge marketing budgets, so even if compulsory labelling is introduced, they may find other ways to sustain sales.
Unhealthy food is often the cheapest option so even if labels are introduced, they might not have that much effect on consumer behaviour.

25	**Discuss whether the data suggests that Türkiye's GNI per person will eventually be greater than the UK's. [8]**		
	AO2	**AO3**	**AO4**
Band 3		**3 marks** **Excellent analysis** The candidate uses strong chains of reasoning to explain how high levels of investment will lead to both actual and potential economic growth and a higher GNI per capita, or very strong use of theory and diagrams is made.	**3 marks** **Excellent evaluation** Clear judgements are made about whether Turkey's GNI per person will eventually be greater than the UK's
Band 2	**2 marks** **Good application** The data is used effectively to support both sides of the argument.	**2 marks** **Good analysis** The candidate uses strong chains of reasoning to explain how high levels of investment will lead to economic growth and a higher GNI per capita.	**2 marks** **Good evaluation** Clear judgements or counterarguments are made about the extent to which Türkiye's GNI/capita is likely to rise.
Band 1	**1 mark** **Limited application** The data is used only to support one side of the argument. Reference to the data may be superficial.	**1 mark** **Limited analysis** Chains of reasoning are weak with explanations relying heavily of assertions and little use of economic theory.	**1 mark** **Limited evaluation** Counterarguments are present but evaluation is superficial, undeveloped or unconvincing.
Band 0	**0 marks** No valid use of the data.	**0 marks** No valid analysis.	**0 marks** No valid evaluation.

Indicative content.

AO2
UK's investment as a % of GDP (17%) is lower than that of Türkiye (32%).
Türkiye's investment is almost twice as high as a percentage of GDP as that of the UK.
UK's GNI/capita@PPP is $46000 and higher than Türkiye's $27000.

AO3
Increased investment will increase productive potential shifting the PPF/LRAS to the right increasing GNI/head.
Additional or improved capital goods will increase labour productivity by making companies more productive and efficient.
Newer equipment or factories/offices leads to more products or services being produced, and at a faster rate.
Revenues and wages rise leading to a rise in GNI.
Investment is a key component of AD, meaning that high investment may increase actual growth, creating multiplier effects elsewhere in the economy

AO4
Other factors affect GNI/head as well as investment

- Growth in the total population
- Activity rates in the labour market
- Labour skills
- AD
- Monetary and fiscal policy

Much depends on the quality of investment and how well it is directed; white elephants, corruption, low quality investments such as HS2.

Investment at over 30% of GDP is difficult to sustain once higher income status is reached – a risk of middle-income trap.

The UK may have more investment in absolute terms than Turkey because the UK's GDP is higher.

Much depends on what happens in the UK as well as what happens in Türkiye.

26	**Discuss the extent to which the UK government should have been concerned by the data shown in the charts. [10]**		
	AO2	**AO3**	**AO4**
Band 3	**3 marks** **Excellent application** The data is used very effectively to support both sides of the argument. All charts have been used to support one or other side of the case.	**3 marks** **Excellent analysis** The candidate uses strong chains of reasoning to explain why the situation shown in the charts is a concern to the UK government, making strong use of economic theory and terminology.	**3-4 marks** **Excellent evaluation** Strong counterarguments are made explaining why the situation might not be that concerning. Top band answers will come to a judgement about how concerned the UK government should be about the situation shown.
Band 2	**2 marks** **Good application** The data is used effectively to support both sides of the argument. Not all of the charts are referenced.	**2 marks** **Good analysis** The candidate uses chains of reasoning to explain why the situation shown is of concern, but these chains of reasoning may be less well-developed.	**2 marks** **Good evaluation** Clear counterarguments are made explaining why the information given might not be of such great concern, but the chains of reasoning may be less well-developed.
Band 1	**1 mark** **Limited application** The data is used only superficially to support the answer or only on one side of the argument.	**1 mark** **Limited analysis** Chains of reasoning are weak with explanations relying heavily of assertions and little use of economic theory.	**1 mark** **Limited evaluation** Counterarguments are present but evaluation is superficial, undeveloped or unconvincing.
Band 0	**0 marks** No valid use of the data.	**0 marks** No valid analysis.	**0 marks** No valid evaluation.

Indicative content.

AO2.
Growth is expected to occur, but forecast is under 2% per annum.
National debt now close to 100% of GDP
National debt has been over 80% of GDP for the whole period
Bond yields have risen sharply to over 4%, although some evidence of downward trend in late 2023.
Yields were almost as high back in 2014.
Growth forecast improved between November 2022 and March 2023

AO3
High levels of debt create the possibility of crowding out of private sector investment, damaging growth.
High levels of debt have increased bond yields increasing the cost of debt service
Debt service costs impose a burden on the government, creating an opportunity cost in terms of spending in other areas or creating risks of tax increases, both of which may damage already weak growth.
Slow forecast growth means that debt as a percentage of GDP is likely to remain high.

AO4
Bond yields are still relatively low and there is some sign that they may be falling.
Economy is forecast to grow steadily over the next 4 years, which will increase the tax base.
National debt as a percentage of GDP seems to have plateaued, suggesting that sustained growth may lead to this falling.
Growth forecast rose between November 2022 and March 2023, suggesting that prospects are improving and may continue to do so.
Many of the economic problems are Covid related and this has affected other countries too.

AO grid

	AO1	**AO2**	**AO3**	**AO4**	**Total**	**Num**
Q1-20	10	10			20	14
Q21		3	3		6	3
Q22	2	2			4	
Q23		2	2		4	4
Q24		2	3	3	8	
Q25		2	3	3	8	3
Q26		3	3	4	10	4
Total	12	24	14	10	60	
Permitted range	**(12-16)**	**(20-24)**	**(10-14)**	**(10-14)**		**28**