GCE

Economics

H060/01: Microeconomics

AS Level

Mark Scheme for June 2023

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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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MARKING INSTRUCTIONS

PREPARATION FOR MARKING
RM ASSESSOR

1. Make sure that you have accessed and completed the relevant training packages for on-screen marking: RM A*ssessor Online Training*; *OCR Essential Guide to Marking*.

2. Make sure that you have read and understood the mark scheme and the question paper for this unit. These are posted on the RM Cambridge Assessment Support Portal http://www.rm.com/support/ca

3. Log-in to scoris and mark the **required number** of practice responses ("scripts") and the **number of required** standardisation responses.

   YOU MUST MARK 10 PRACTICE AND 10 STANDARDISATION RESPONSES BEFORE YOU CAN BE APPROVED TO MARK LIVE SCRIPTS.

MARKING

1. Mark strictly to the mark scheme.

2. Marks awarded must relate directly to the marking criteria.

3. The schedule of dates is very important. It is essential that you meet the RM Assessor 50% and 100% (traditional 40% Batch 1 and 100% Batch 2) deadlines. If you experience problems, you must contact your Team Leader (Supervisor) without delay.

4. If you are in any doubt about applying the mark scheme, consult your Team Leader by telephone or the RM Assessor messaging system, or by email.

5. **Crossed Out Responses**
   Where a candidate has crossed out a response and provided a clear alternative then the crossed out response is not marked. Where no alternative response has been provided, examiners may give candidates the benefit of the doubt and mark the crossed out response where legible.

   Rubric Error Responses – Optional Questions
   Where candidates have a choice of question across a whole paper or a whole section and have provided more answers than required, then all responses are marked and the highest mark allowable within the rubric is given. Enter a mark for each question answered into RM assessor, which will select the highest mark from those awarded. *(The underlying assumption is that the candidate has penalised themselves by attempting more questions than necessary in the time allowed.)*

Multiple Choice Question Responses
When a multiple choice question has only a single, correct response and a candidate provides two responses (even if one of these responses is correct), then no mark should be awarded (as it is not possible to determine which was the first response selected by the candidate).

Contradictory Responses
When a candidate provides contradictory responses, then no mark should be awarded, even if one of the answers is correct.

Short Answer Questions (requiring only a list by way of a response, usually worth only **one mark per response**)
Where candidates are required to provide a set number of short answer responses then only the set number of responses should be marked. The response space should be marked from left to right on each line and then line by line until the required number of responses have been considered. The remaining responses should not then be marked. Examiners will have to apply judgement as to whether a 'second response' on a line is a development of the 'first response', rather than a separate, discrete response. *(The underlying assumption is that the candidate is attempting to hedge their bets and therefore getting undue benefit rather than engaging with the question and giving the most relevant/correct responses.)*

Short Answer Questions (requiring a more developed response, worth **two or more marks**)
If the candidates are required to provide a description of, say, three items or factors and four items or factors are provided, then mark on a similar basis – that is downwards (as it is unlikely in this situation that a candidate will provide more than one response in each section of the response space.)

Longer Answer Questions (requiring a developed response)
Where candidates have provided two (or more) responses to a medium or high tariff question which only required a single (developed) response and not crossed out the first response, then only the first response should be marked. Examiners will need to apply professional judgement as to whether the second (or a subsequent) response is a 'new start' or simply a poorly expressed continuation of the first response.

6. Always check the pages (and additional objects if present) at the end of the response in case any answers have been continued there. If the candidate has continued an answer there then add a tick to confirm that the work has been seen.

7. Award No Response (NR) if:
   • there is nothing written in the answer space.

   Award Zero '0' if:
   • anything is written in the answer space and is not worthy of credit (this includes text and symbols).

   Team Leaders must confirm the correct use of the NR button with their markers before live marking commences and should check this when reviewing scripts.

8. The RM Assessor **comments box** is used by your team leader to explain the marking of the practice responses. Please refer to these comments when checking your practice responses. **Do not use the comments box for any other reason.**
   If you have any questions or comments for your team leader, use the phone, the RM Assessor messaging system, or e-mail.

9. Assistant Examiners will send a brief report on the performance of candidates to their Team Leader (Supervisor) via email by the end of the marking period. The report should contain notes on particular strengths displayed as well as common errors or weaknesses. Constructive criticism of the question paper/mark scheme is also appreciated.

10. For answers marked by levels of response:
    a. **To determine the level** – start at the highest level and work down until you reach the level that matches the answer
    b. **To determine the mark within the level**, consider the following:

Descriptor	Award mark
On the borderline of this level and the one below	At bottom of level
Just enough achievement on balance for this level	Above bottom and either below middle or at middle of level (depending on number of marks available)
Meets the criteria but with some slight inconsistency	Above middle and either below top of level or at middle of level (depending on number of marks available)
Consistently meets the criteria for this level	At top of level

11. **Annotations**

Annotation	Meaning
BP	Blank Page – this annotation must be used on all blank pages within an answer booklet and on each page of an additional object where there is no candidate response.
✔	Correct – mark awarded
✖	Incorrect
BOD	Benefit of doubt
KU	AO1 – Knowledge and understanding
APP	AO2 – Apply knowledge and understanding
AN	AO3 - Analyse
EVAL	AO4 - Evaluation
NAQ	Not answering question
SEEN	Noted but no credit given
TV	Too vague
OFR	Own figure rule
CON	Confused
?	Unclear

Standard Annotations

There are two additional annotations available
- Off page comments
- highlight

12.   Subject Specific Marking Instructions

INTRODUCTION

Your first task as an Examiner is to become thoroughly familiar with the material on which the examination depends. This material includes:
- the specification, especially the assessment objectives
- the question paper and its rubrics
- the mark scheme.

You should ensure that you have copies of these materials.

You should ensure also that you are familiar with the administrative procedures related to the marking process. These are set out in the OCR booklet **Instructions for Examiners**. If you are examining for the first time, please read carefully **Appendix 5 Introduction to Script Marking: Notes for New Examiners**.

Please ask for help or guidance whenever you need it. Your first point of contact is your Team Leader.

Rubric Infringement

Candidates may infringe the rubric in the following way:
- answering two questions from Section C.

If a candidate has written two answers for Section C, mark both answers and award the highest mark achieved.

USING THE MARK SCHEME

Please study this Mark Scheme carefully. The Mark Scheme is an integral part of the process that begins with the setting of the question paper and ends with the awarding of grades. Question papers and Mark Schemes are developed in association with each other so that issues of differentiation and positive achievement can be addressed from the very start.

This Mark Scheme is a working document; it is not exhaustive; it does not provide 'correct' answers. The Mark Scheme can only provide 'best guesses' about how the question will work out, and it is subject to revision after we have looked at a wide range of scripts.

The Examiners' Standardisation Meeting will ensure that the Mark Scheme covers the range of candidates' responses to the questions, and that all Examiners understand and apply the Mark Scheme in the same way. The Mark Scheme will be discussed and amended at the meeting, and administrative procedures will be confirmed. Co–ordination scripts will be issued at the meeting to exemplify aspects of candidates' responses and achievements; the co–ordination scripts then become part of this Mark Scheme.

Before the Standardisation Meeting, you should read and mark a number of scripts, in order to gain an impression of the range of responses and achievement that may be expected.

In your marking, you will encounter valid responses which are not covered by the Mark Scheme: these responses must be credited. You will encounter answers which fall outside the 'target range' of Bands for the paper which you are marking. Please mark these answers according to the marking criteria.

Please read carefully all the scripts in your allocation and make every effort to look positively for achievement throughout the ability range. Always be prepared to use the full range of marks.

INSTRUCTIONS TO EXAMINERS:

A INDIVIDUAL ANSWERS

1   The indicative content indicates the expected parameters for candidates' answers, but be prepared to recognise and credit unexpected approaches where they show relevance.

2   Using 'best–fit', decide first which set of BAND DESCRIPTORS best describes the overall quality of the answer. Once the band is located, adjust the mark concentrating on features of the answer which make it stronger or weaker following the guidelines for refinement.
    • Highest mark: If clear evidence of all the qualities in the band descriptors is shown, the HIGHEST Mark should be awarded.
    • Lowest mark: If the answer shows the candidate to be borderline (i.e. they have achieved all the qualities of the bands below and show limited evidence of meeting the criteria of the band in question) the LOWEST mark should be awarded.
    • Middle mark: This mark should be used for candidates who are secure in the band. They are not 'borderline' but they have only achieved some of the qualities in the band descriptors.

3   Be prepared to use the full range of marks. Do not reserve (e.g.) high Band 6 marks 'in case' something turns up of a quality you have not yet seen. If an answer gives clear evidence of the qualities described in the band descriptors, reward appropriately.

B TOTAL MARKS

1   The maximum mark for the paper is 60.

2   The quality of the extended response is assessed on this part of the question paper which is identified with the use of an asterisk (*). The assessment of this skill is embedded within each of the levels of response and it must be considered when determining the mark to be awarded within the appropriate level.
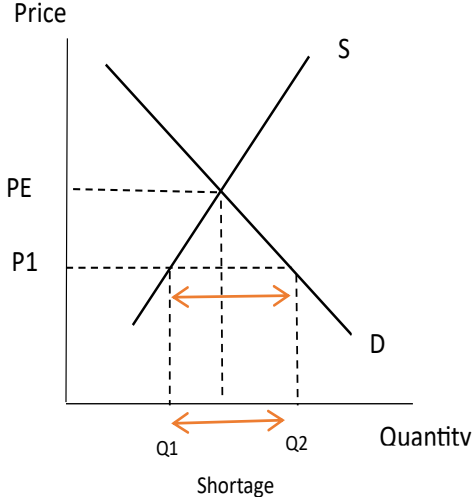
Multiple Choice Questions	Answers
1	A
2	A
3	B
4	D
5	C
6	A
7	C
8	A
9	B
10	B
11	B
12	D
13	C
14	C
15	C
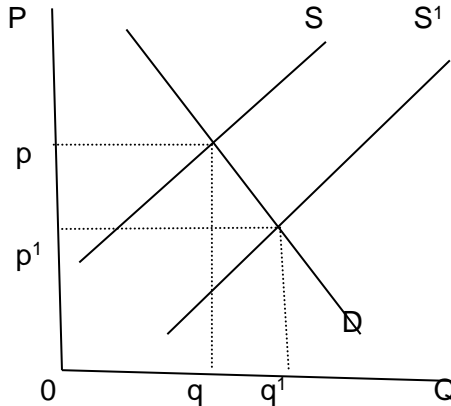
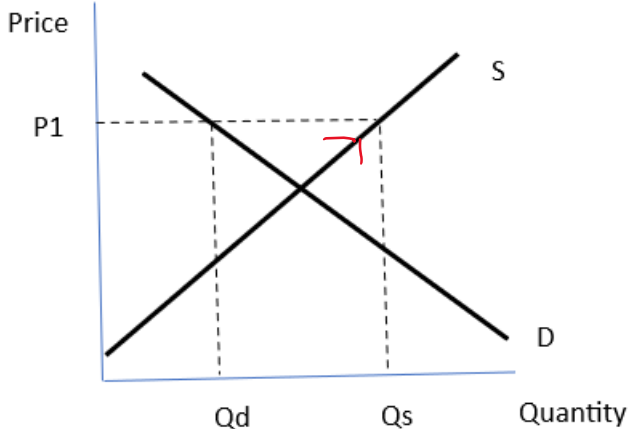| Question		Answer	AO	Quantitative skills
1	A	Rationale: A **Correct**: Factors of production B Only two are factors of production C Only two are factors of production D Rewards for factors of production	1	
2	A	Rationale: A **Correct**: -40/+10 B 10/-40 C 10/40 D 40/10	2	Yes
3	B	Rationale: A Positive B **Correct:** Normative C Positive D Positive	1	
4	D	Rationale: A incorrect B**:** incorrect C External cost D **Correct** Opportunity cost	1	
5	C	Rationale: A Perfectly inelastic – very short run B Relatively inelastic – short run C **Correct** Unitary elastic D Relatively elastic, more responsive to change	1	Yes
6	A	Rationale: A Correct – most likely item as it is money B Not money C Not money D Not money	1	
7	C	Rationale: A 100X10=£1000 demand (100) and supply (20) excess demand B 80x15=£1200 demand (80) and supply (30) excess demand C **Correct**: 60x25=£1500 demand(60) supply (60) equilibrium D 40x30=1200 not £ £2400 demand (40) and supply (80) excess supply	2	Yes

8	A	Rationale: A **Correct**. Positive externalities are benefits to third parties. B Positive YED alone does not cause market failure. C A rise in price encourages firms to respond to higher demand and so for markets to respond efficiently. D Private costs of production and consumption are considered in decisions, they do not cause market failure.	1	
9	B	Rationale: A Positive externality B **Correct:** Negative externality C solution to correct market failure D solution to correct market failure	2	
10	B	Rationale: A No change in quantity demanded B **Correct:** Quantity demanded changes more than the change in price C Small increase in quantity demanded when price falls D Quantity demanded changes in direct proportion to change in price	3	
11	B	Rationale: A Normal good B **Correct:** Inferior good C Normal good D Giffen good	1	
12	D	Rationale: A Elastic B Elastic C Inelastic D **Correct:** Unitary change in price matched by change in demand	3	Yes
13	C	Rationale: A **-312.5%/ -25%** =12.5 B -150% /-25% = 6.0 C **Correct**: -50%/-25%= 2.0 D -12.5%/ -25% =0.5	2	Yes
14	C	Rationale: A QS increases B QS increases C **Correct:** QS is likely to increase and price to fall due to increased output D Price falls	2	

15	C	Rationale: A No direct impact B Increases consumer surplus C **Correct:** Decreases consumer surplus D Increases consumer surplus	2	

Question			Answer	Mark	Guidance
16	(a)		**Using Fig. 1, state what percentage of people baked at home from scratch once a week or more often in 2017.** 10+4+2 = 16(%) (1)	1 (A01x1)	**Quantitative skills rewarded in this question**
16	(b)	(i)	**Using the information in the case study, explain why there was an increase in demand for flour.** During lockdown (1) there was an Increase in trend for baking at home (1)	2 (AO1x1 AO2x1)	Give 1 mark for using the information e.g. 37% had made bread / 27% had baked a chocolate cake. Give 1 mark for a valid explanation
16	(b)	(ii)	**Explain what the price elasticity of supply is likely to be for flour.** The price elasticity of flour is likely to be relatively inelastic (1) as it takes some time to grow wheat therefore it is difficult to quickly change the quantity supplied in response to a change in price (1)	2 (AO1x1 AO2x1)	1 mark for inelastic 1 mark for reason why
16	(b)	(iii)	**Using the information in the case study, explain what impact the change in demand for yeast would have had on Red Star Yeast's producer surplus.** Price increases leading to a rise in producer surplus (1) because yeast sales have increased (by 647%) over the last year (+1)	2 (AO1x1 AO2x1)	One mark for relevant data from Extract A. One mark for increase in producer surplus. Accept a diagram showing increase in price and producer surplus (1)

16	(c)	**Using a diagram, explain the disequilibrium that existed in the flour market in 2020.** **Up to 3 marks for a diagram:** • Accurate labelling of axes (1) • Accurate labelling of curves (1) • Clear identification of excess demand (1) At price P1, quantity Q1 is supplied but market demand is Q2 so there is a market shortage of Q2 minusQ1. (1) **OR** Price is below equilibrium there is excess demand/ QD> QS.	4 (AO1x2 AO2x2)	 **Quantitative skills rewarded in this question.**
16	(d)	**Explain how a buffer stock system can be used to regulate the market supply of a product such as flour.** If demand exceeds supply (1) the buffer stock can sell the product/increase supply (1) If supply exceeds demand (1) the buffer stock can buy the product/ reduce supply. (1) **OR** The buffer stock works by intervening in the market by buying and selling the *product commodity.* (1)	4 (A01x2 A02x2)	Give up to 1 mark for a clear explanation of what is meant by a buffer stock system. A simple statement such as: surplus stock is stored for future use is worth 1 mark. Give 2 marks for application of how this would regulate market supply.

| 16 | (e)* | **Evaluate, using an appropriate diagram(s), the effectiveness of a government policy that can be used to encourage UK flour millers to increase supply.**

Level 3 (7-10 marks)
Good – **strong** analysis of the effectiveness of a policy on the behaviour of flour mills. Good analysis will be 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. **Strong** analysis will have **consistently** well-developed links through a **coherent** chain of reasoning which addresses the question. Any relevant diagram(s) are predominantly correct with no significant errors that affect the validity of the analysis. Any diagrams must be integral to the analysis.

Good - strong evaluation of the effectiveness of a policy on the behaviour of flour mills. Strong evaluation should include a supported judgement.

There is a well-developed line of reasoning which is clear and logically structured. The information presented is relevant and substantiated.

Level 2 (4-6 marks)
Reasonable analysis of the effectiveness of a policy on the behaviour of flour mills. There is correct analysis largely in the form of single links. These address the question **but** are not developed into a clear chain of reasoning. Any | **10**

(AO2 x1
AO3 x 4
AO4 x 5) | One possible policy would be for the government to offer subsidies to mill owners. This subsidy could be to encourage:
• Extension of the mills to increase output/capacity
• Installation of more efficient capital.

An alternative policy would be to reduce the level of indirect tax charged on flour production therefore reducing the costs of production.

All of these policies would shift the supply curve from S to S^1. as shown in diagram 1. This would have the advantage, also, of lowering the price from p to p^1 as well as increasing the quantity from q to q^1.
Diagram 1

Increasing capacity, however, takes time and would not solve the immediate problem. It also assumes that the owners expect the increased demand to continue. If not, they may not be willing to create extra production capacity which may not be needed in a few years' time.

Equally, more efficient machinery still needs people to at least know how to operate it, but skilled workers may not be easily found or will require time to be trained.

There is no guarantee that mill owners will use the subsidy to increase supply unless this is regulated in some way. |

relevant diagram(s) may be imperfectly labelled or not linked to the analysis.

Reasonable evaluation of the effectiveness of a policy on the behaviour of flour mills.

There is a line of reasoning presented with some structure. The information presented is in the most part relevant and supported by some evidence.

Level 1 (1-3 marks)
Limited analysis based on application of knowledge and understanding of the effectiveness of a policy on the behaviour of flour mills. There is little evidence of reasoning that addresses the question asked. There is a lack of a clear structure. Any relevant diagram(s) may not be present or are incorrectly labelled.

Limited evaluation of the effectiveness of a policy on the behaviour of flour mills or **no** evaluation.

Information is basic and communicated in an unstructured way. The information is supported by limited evidence. The relationship to the evidence may not be clear.

0 marks no response worthy of credit

Overall, subsidies for installing more efficient machinery may be more effective as it is likely to be more acceptable to mill owners, but this may not solve the immediate problem.
Government failure maybe an issue, as lack of information could lead to a subsidy being inefficient as it is too large or ineffective if too small.
The overall effect of any subsidy or change in taxation will depend upon PED and the amount of the change.

Alternative policy:
Minimum price set above current equilibrium causing an extension of supply.
Diagram 2

However, this would potentially create a surplus of supply as rising prices also reduce demand. This could result in the growth of the shadow economy as mill owners try to remove the excess supply. This is unlikely to be successful as a policy as the lack of staff due to the fall of 15% means supply is unlikely to be able to extend.

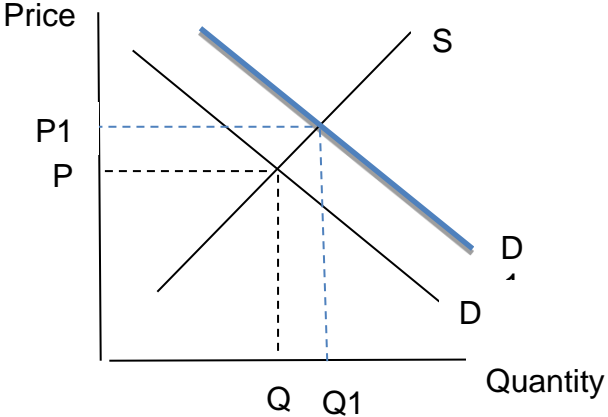| Descriptor	Award mark

Consistently meets the criteria for this level	At top of level
Meets the criteria but with some slight inconsistency	Above middle and either below top of level or at middle of level (depending on number of marks available)
Just enough achievement on balance for this level	Above bottom and either below middle or at middle of level (depending on number of marks available)
On the borderline of this level and the one below	At bottom of level

Question		Answer	Mark	Guidance
17*		**Palm oil companies have been destroying rainforests and habitat for wildlife because they want more land to grow palm oil trees. Around 24 million hectares of rainforest were destroyed in Indonesia between 1990 and 2015 - an area the size of the UK.** **Evaluate, using an appropriate diagram(s) the effectiveness of imposing a tax on palm oil production to reduce negative externalities.** **Level 4 (16-20 marks)** **Good** knowledge and understanding of how a tax could be imposed to reduce negative externalities. **Strong** analysis will have **consistently** well-developed links through a **coherent** chain of reasoning which addresses the question. Any relevant diagram(s) are predominantly correct with no significant errors that affect the validity of the analysis. Any diagrams must be integral to the analysis. **Strong** evaluation of the effectiveness of taxation to reduce negative externalities reaching a supported judgement. *There is a well-developed line of reasoning which is clear and logically structured. The information presented is relevant and substantiated.* **Level 3 (11-15 marks)**	**20** (AO1*3 AO2*4 AO3*6 AO4*7)	Explanation of the negative externalities associated with Palm oil production. If a good has a negative externality, without a tax, there will be over-consumption (Q1 where D=S) because people ignore the external costs. Social efficiency is where MSC = MSB at P1 Q1 **Analysis** • Taxes on negative externalities are intended to make consumers / producers pay the full social cost of the good. This reduces consumption, reduces the negative externality, and creates a more socially efficient outcome.

Question	Answer	Mark	Guidance
	Good knowledge and understanding of how a tax could be imposed to reduce negative externalities. **Good** analysis of how taxation could reduce negative externalities. 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. **Good** evaluation of the effectiveness of taxation to reduce negative externalities reaching a supported judgement. *There is a line of reasoning presented with some structure. The information presented is in the most part relevant and supported by some evidence.* **Level 2 (6-10 marks)** **Reasonable** knowledge and understanding of how a tax could be imposed to reduce negative externalities. **Reasonable** analysis of how taxation could reduce negative externalities. There is correct analysis largely in the form of single links. These address the question **but** are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be imperfectly labelled or not linked to the analysis. **Reasonable** evaluation of the effectiveness of taxation to reduce negative externalities reaching a supported judgement. *The information has some relevance and is presented with limited structure. The information is supported by limited evidence.* **Level 1 (1-5 marks)**		• A tax should be placed on the good equal to the external marginal cost so that the full social marginal cost is paid and so enables the harmful effects to be internalised. • After the tax is implemented, the output of the good will fall from Q1 to Q2. Q2 is socially efficient because at this level the social marginal benefit (SMB) = Social marginal cost (SMC) • Another benefit is that taxes raise revenue for the government. The tax revenue can be used to tackle the problems relating to the externality and administration and enforcement of fines and penalties for deforestation and damage to wildlife. • It may also provide incentives to reduce the negative externality e.g., research into ways to grow palm oil so that the crop is greater per acre, water savings methods etc so that less deforestation takes place in the future. **Evaluation**. • There are problems in implementing taxes as it may be difficult to measure the level of negative externality – Information/government failure. • If demand is relatively inelastic in some high-income countries, then higher taxes will not considerably reduce demand for products containing palm oil. • Taxes will cause inequality. A tax in poorer countries such as Indonesia takes a higher percentage of income from those on low-income. • Cost of administration – the cost of collecting taxes. • There may also be unintended consequences of the tax. It may deter farmers from setting up businesses and may also cause unemployment if existing farmers try to reduce costs to pay for any increases in taxes. • The effectiveness of any of these methods depends on how rigorously they are applied, the level and the length of time. For example if the tax applied is small it will have very little effect. The fines and penalties need to be high, and people employed to carry out checks and enforce fines.

Question		Answer	Mark	Guidance
		Limited knowledge and understanding of how a tax could be imposed to reduce negative externalities. **Limited** or **no** analysis of how taxation could reduce negative externalities. There is little evidence of reasoning that addresses the question asked. There is a lack of a clear structure. The relevant diagram(s) may not be present or incorrectly labelled. **Limited** evaluation of the effectiveness of taxation to reduce negative externalities reaching a supported judgement. *Information is basic and communicated in an unstructured way. The information is supported by limited evidence.* The relationship to the evidence may not be clear. **0 marks** no response worthy of credit		• A global effort is likely to have better results if consumers who are purchasing palm oils in Europe and USA are aware of the negative environmental effects. • Tax may provide incentive for producers to find alternative products therefore avoiding the tax. • It will be difficult to implement a specific tax just on palm oil products, as it is maybe difficult to be able to identify which products have palm oil rather than another type of oil.

Descriptor	Award mark
Consistently meets the criteria for this level	At top of level
Meets the criteria but with some slight inconsistency	Above middle and either below top of level or at middle of level (depending on number of marks available)
Meets most of the criteria with some inconsistencies	Middle of level
Just enough achievement on balance for this level	Above bottom and either below middle or at middle of level (depending on number of marks available)
On the borderline of this level and the one below	At bottom of level

Question	Answer	Mark	Guidance
18*	**For decades China used a planned economy to allocate resources before transitioning to an economy which incorporates some functions of a market economy.** **Evaluate, using an appropriate diagram(s), whether a country would benefit from moving from a planned to a market economy** **Level 4 (16-20 marks)** **Good** knowledge and understanding of advantages and disadvantages of different economic systems. **Strong** analysis will have **consistently** well-developed links through a **coherent** chain of reasoning which addresses the question. Any relevant diagram(s) are predominantly correct with no significant errors that affect the validity of the analysis. Any diagrams must be integral to the analysis. **Strong** evaluation of different economic systems, weighing up both sides/comparing alternatives and reaching a supported judgement. *There is a well-developed line of reasoning which is clear and logically structured. The information presented is relevant and substantiated.* **Level 3 (11-15 marks)** **Good** knowledge and understanding of advantages and disadvantages of different economic systems. **Good** analysis of benefits of various economic systems. There is correct analysis in the form of developed links. These links are developed through a chain of reasoning which addresses the question. Any	**20** (A01*3 A02*4 A03*6 A04*7)	Under a planned economy, the government makes all the major economic decisions such as how much of each good to produce. In the market economy all economic decisions are left to the free market with no government intervention. Many planned economies, such as China have begun to make the transition to a mixed economy. **Analysis** **Market economies:** - In a free-market economy resources are allocative /productively efficient as market participants are driven by the profit motive. - There is a high level of innovation. - Prices tend towards the equilibrium price dependent on demand and supply of a good. Rising demand (D to D1) signals that more goods should be supplied as price rises from P to P1. **Planned economies:** - Lack of price mechanism means governments generally have poor information about what to produce and therefore are unable to respond to consumer preferences. - Price controls lead to shortages of some good and surpluses of others. In the diagram below if the government sets a price of P1 to

relevant diagram(s) are predominantly correct and linked to the analysis.

Good evaluation will weigh up both sides/comparing alternatives but without reaching a supported judgement.

There is a line of reasoning presented with some structure. The information presented is in the most part relevant and supported by some evidence.

Level 2 (6-10 marks)
Reasonable knowledge and understanding of advantages and disadvantages of different economic systems.

Reasonable analysis of the advantages and disadvantages of different economic systems. There is correct analysis largely in the form of single links. These address the question **but** are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be imperfectly labelled or not linked to the analysis.

Reasonable evaluation of the advantages and disadvantages of different economic systems.

The information has some relevance and is presented with limited structure. The information is supported by limited evidence.

Level 1 (1-5 marks)
Limited knowledge and understanding of advantages and disadvantages of different economic systems.

Limited or no analysis of advantages and disadvantages of different economic systems. There is little evidence of reasoning that addresses the

make the product affordable for all, there will be excess demand of Q2-Q1. In a free market the shortage would be cleared as price would rise to PE.
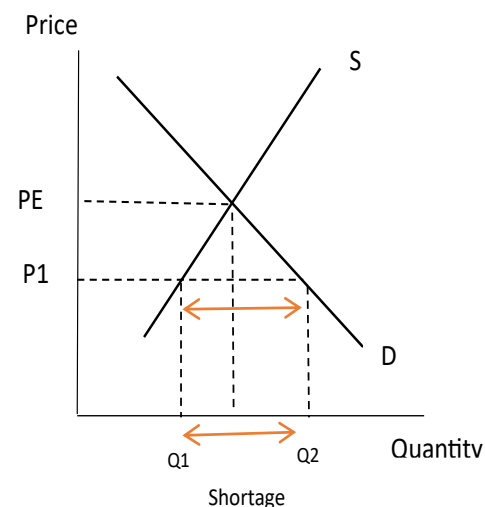
- Tend to be very bureaucratic with slow decision making.
- Inefficient firms are protected.
- No profit incentive.

Evaluation
Market economies
- May lead to an increase in inequality.
- There may be market failure, such as firms abusing their market power.
- There will be under provision of public goods and merit good such as defence, street lighting, health, and education.
- There may also be overproduction of negative externalities such as pollution and traffic congestion which lowers living standards.
- Information failure may lead to overconsumption of demerit goods such as cigarettes.

Planned economies:
- The government may be able to overcome market failure and inequality.

| | | question asked. There is a lack of a clear structure. The relevant diagram(s) may not be present or incorrectly labelled.

Limited evaluation of the advantages and disadvantages of different economic systems, in the form of an unsupported statement or **no** evaluation.

Information is basic and communicated in an unstructured way. The information is supported by limited evidence. The relationship to the evidence may not be clear.

0 marks no response worthy of credit | | • Planned economies could produce goods which benefit society and ensure everyone has access to necessities.

Benefits of mixed economies:

• China seems to have seen strong economic growth using this combination of free market with government intervention.
• Reduces market failure. Mixed economies can enable some government regulation in areas where there is market failure.
• A mixed economy can create greater equality and provide some help to prevent people living in absolute poverty. At the same time, a mixed economy can enable people to enjoy the financial rewards of hard work and entrepreneurship. |

Descriptor	Award mark
Consistently meets the criteria for this level	At top of level
Meets the criteria but with some slight inconsistency	Above middle and either below top of level or at middle of level (depending on number of marks available)
Meets most of the criteria with some inconsistencies	Middle of level
Just enough achievement on balance for this level	Above bottom and either below middle or at middle of level (depending on number of marks available)
On the borderline of this level and the one below	At bottom of level

Assessment Objectives Grid

Question	AO1	AO2	AO3	AO4	Total
1 to 15	7	6	2		15 (5)
16(a)	1(1)				1(1)
16(b) (i)	1(1)	1(1)			2(2)
16(b) (ii)	1	1			2
16(b) (iii)	1	1			2
(c)	2	2 (2)			4 (2)
(d)	2	2			4
(e)		1	4	5	10
17 or 18	3	4 (2)	6 (3)	7 (3)	20 (8)
Total	18	18	12	12	60 (17)

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