

Mark Scheme (Results)

June 2011

GCE Economics
(6EC01) Paper 01

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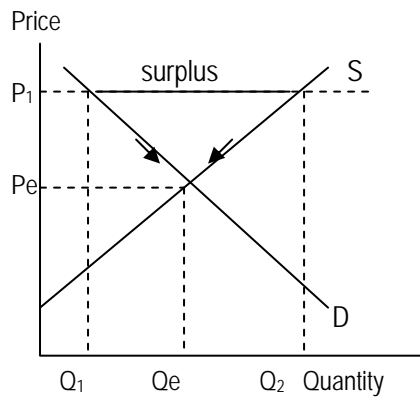
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NB: candidates may achieve up to 3 explanation marks even if incorrect option is selected.

NB: candidates may achieve up to 3 marks for explaining three incorrect options (provided three different reasons are offered and each option key is explicitly rejected).

Question Number	Answer	Mark
1	<p>Answer B</p> <ul style="list-style-type: none"> • Definition and development of a positive statement: (one that is based on fact / it can be tested as true or false / a scientific approach to economics / objective approach) (1 mark). • Definition of a normative statement (one that is based on value judgement / it cannot be tested as true or false / a non-scientific approach to economics / subjective approach) (1 mark). • Application (explicit data reference): statement 1 is positive since it can be tested to see whether tax on cigarettes will rise by 2% above inflation. (1 mark) • Application (explicit data reference): statement 2 is positive since it can be tested to see whether tax forms more than 75% of the price of cigarettes. (1 mark). 	(4)

Question Number	Answer	Mark
2	<p>Answer B</p> <ul style="list-style-type: none"> • Definition or explanation of price mechanism (interaction of demand and supply to allocate resources / use of price changes to allocate resources / how changes in demand or supply will alter price to a new equilibrium / or development of the functions of the price mechanism) (1 mark). • Explanation of a surplus (the quantity supply exceeds the quantity demand at the current price / excess supply of a good) (1 mark). • Application: as price falls demand extends (accept increase) and supply contracts (accept decrease) until the market equilibrium is reached (1 mark). • Also award for diagrammatic analysis (identify the surplus / show movement towards price equilibrium) (1+1 marks) 	



Rejection marks

- Option 'A' is incorrect since an increase in price will provide a profit incentive to enter the industry / raise supply.
- Option 'C' is incorrect since government intervention is associated with correcting market failure or a planned economy.
- Option 'D' is incorrect since maintaining price stability means the price mechanism cannot function to indicate changes in consumer demand or producer supply.

(4)

Question Number	Answer	Mark
3	<p>Answer D</p> <ul style="list-style-type: none"> • Definition of price elasticity of demand or formula (the responsiveness of demand for a good due to a change in its price or $\% \Delta D \div \% \Delta P$) (1 mark). • Definition of income elasticity of demand or formula (the responsiveness of demand for a good due to a change in income or $\% \Delta D \div \% \Delta Y$) (1 mark) • Milk and cheese are normal goods since they have a positive income elasticity of demand (1 mark). • Milk and cheese are price inelastic in demand since they have values below -1.0 / explanation of inelastic demand in terms of the percentage change in demand being less than the percentage change in price. (1 mark) <p>Rejection marks</p> <ul style="list-style-type: none"> ➤ Option 'A' or 'C' is incorrect since milk and cheese have a positive income elasticity of demand / do not have a negative income elasticity of demand. (1 mark). ➤ Option B is incorrect since milk and cheese are not substitutes / there is no data on actual demand levels for either good. (1 mark). 	(4)

Question Number	Answer	Mark
4	<p>Answer D</p> <ul style="list-style-type: none"> • Definition of producer surplus (the difference between the price firms are willing to sell a good for and the actual market price or the area above the supply curve and below the price line) (1 mark) • Original producer surplus is P_1XZ (1 mark) • New producer surplus is P_2YZ (1 mark) <p>(the original and new producer surplus may be annotated on the diagram)</p> <ul style="list-style-type: none"> • P_1XL being consumer surplus (1 mark) <p>Rejection marks</p> <ul style="list-style-type: none"> ➤ Option A is incorrect since this is consumer surplus. (1 mark) ➤ Option B is incorrect since this is the original producer surplus. (1 mark) ➤ Option C is incorrect since this is the new level of producer surplus. (1 mark) <p>NB: Do not double award marks in this question.</p>	(4)

Question Number	Answer	Mark
5	<p>Answer C</p> <ul style="list-style-type: none"> • Definition / explanation of division of labour (production broken down into different tasks and labour allocated to each task). (1 mark) • Application to sandwich production line e.g. cutting bread, spreading butter and packing sandwiches. (1 mark) • Identification of boredom or monotony of a job (1 mark) • Increase in recruitment costs / 'total' training costs since increased staff turnover (1 mark) <p>Rejection marks</p> <ul style="list-style-type: none"> ➤ Option A is incorrect since division of labour reduces range of workers' skills to specific tasks. (1 mark) ➤ Option B is incorrect since training costs per worker falls as just doing specific tasks (1 mark) ➤ Option D is incorrect as higher output per head is an advantage of division of labour / means more profits could be made for producer. (1 mark) 	(4)

Question Number	Answer	Mark
6	<p>Answer A</p> <ul style="list-style-type: none"> • Definition of an ad valorem tax (tax set as a percentage of the price of a good). (1 mark) • It is an ad valorem tax since there is a pivotal shift in the supply curve. (1 mark) • Producers pay most of the tax since demand is price elastic. (1 mark) • Producers pay £70 per unit or $10 \times £70 = £700$ (1 mark) • Consumers pay £30 per unit or $10 \times £30 = £300$ (1 mark) <p>➤ (These may be shown by annotation of diagram of producer and consumer tax but do not double award). (1+1 marks)</p> <p>Rejection marks</p> <ul style="list-style-type: none"> ➤ Option B / D incorrect since a specific tax would cause a parallel shift in the supply curve (1 mark) ➤ Option C incorrect as tax incidence falls mainly on producers as shown by diagram (need annotation here) / or use of figures (1 mark) 	(4)

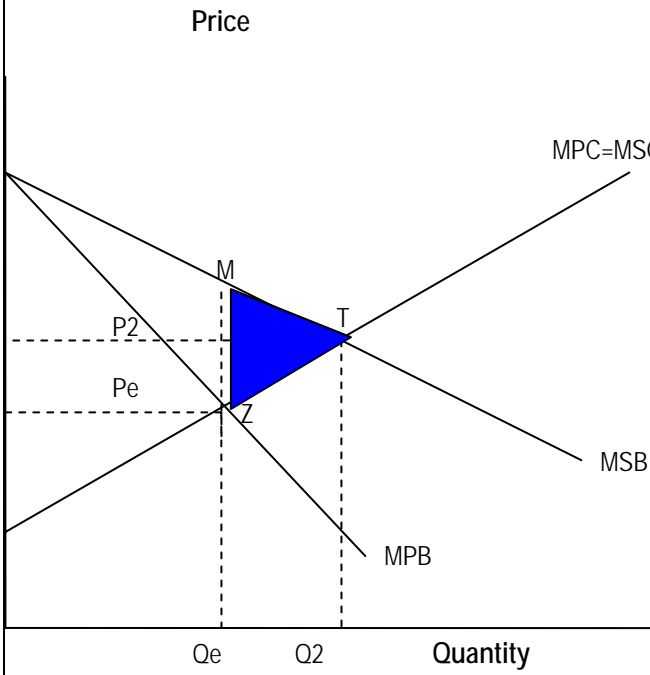
Question Number	Answer	Mark
7	<p>Answer B</p> <ul style="list-style-type: none"> • Definition / explanation of a buffer stock scheme (agency intervention to buy or sell a commodity to reduce price fluctuations) (1 mark). • Without government intervention the market price would fall to OP_1 / or a surplus would cause price to fall below P_2. (1 mark) • Government agency purchases L_1Q_1 or XY of barley (1 mark) • Total government agency spending is LQ_1YX (this may be shown by annotation of diagram and stated as such) (1 mark) <p>Rejection marks</p> <ul style="list-style-type: none"> ➤ Option 'A' is incorrect since there would be an excess supply XY at minimum price P_2 (1 mark). ➤ Option 'C' is incorrect since in a free market the price would fall to P_1 or to P_2 with agency intervention. (1 mark). ➤ Option 'D' is incorrect since the agency would only sell from its stockpile if there was a poor harvest. (1 mark). 	(4)

Question Number	Answer	Mark
8	<p>Answer C</p> <ul style="list-style-type: none"> • Definition / understanding of occupational mobility of labour (the ability of labour to change occupations to take available work (accept to change from one job to another job). Also accept definition / understanding of immobility of labour. (1 mark) • Some unemployed may lack relevant skills / qualifications / work experience to take available work / identification of structural unemployment. (1 mark) • Application to real world example e.g. an unemployed motor vehicle worker may lack skills to become a web designer. (1 mark) • Training programmes help increase the skills / qualifications / work experience for the unemployed to gain work in different occupations (1 mark). <p>Rejection marks</p> <ul style="list-style-type: none"> ➤ Option A is incorrect as once public goods are provided it is free for all to use / examples of public goods such as street lighting and how this has nothing to do with increasing occupational mobility of labour. (1 mark). ➤ Option B incorrect since an increase in tax on buying property will impact / reduce the geographical mobility of labour. (1 mark) ➤ Option D incorrect since relocation subsidies will impact / increase the geographical mobility of labour. (1 mark). 	(4)

Question Number	Answer	Mark
9(a)	<p>KAA = 4 marks</p> <ul style="list-style-type: none"> • Definition of opportunity cost (value of next best alternative foregone) (1 mark) • Reference to the increase in spending on NHS (£58.5 billion to £115 billion or £127 billion over the period or 96/97 per cent increase) (1 mark). • Examples of opportunity cost: (1+1 marks or 2 marks). <ul style="list-style-type: none"> ➤ Lower taxes / which could increase incentive to work. ➤ More funds available for education or other areas of government spending / so improving quality of education. ➤ Less government borrowing / so placing less debt on to future generations or paying lower debt interest. ➤ Discussion of spending in different areas of the NHS. e.g. more funds for managers and less on patient care. • Production possibility frontier diagram depicting opportunity cost by movement along the curve/relevant axes e.g. healthcare spending versus other areas of government spending (1+1 marks) 	(4)

Question Number	Answer	Mark
9(b)	<p>KAA = 6 marks</p> <p>Identification of two causes (1+1 marks) and their development (2+2 marks or 3+1 marks)</p> <p>Extract 1 offers three causes:</p> <ul style="list-style-type: none"> ➤ Ageing population: means more people living into retirement and so greater chance of requiring NHS services / such as nursing homes or treatment for cancer or Alzheimer's disease. ➤ Improved medical treatment: new treatments for illness cost a lot of money / such as better equipment (scanners) or drugs for HIV/AIDS. ➤ Increasing staff costs / now 40% of NHS budget / reflects the increase in employment in the organisation which is biggest employer in Europe. ➤ Increases in NHS funding coming to an end as government spending has to be reduced / general budget pressures of the government. <p>Note: Accept other causes of increase demand such as rising population, greater public expectations of healthcare treatment, increase in costs of drugs, changing social habits such as obesity and alcohol consumption.</p>	(6)

Question Number	Answer	Mark
9(c)	<p>KAA 6 marks</p> <ul style="list-style-type: none"> • Definition of production possibility frontier (the maximum output potential for an economy when all its resources are fully / efficiently employed) (1 mark) • Diagram depicting an outward shift in the Production possibility frontier (Up to 3 marks) <ul style="list-style-type: none"> ➢ Original PPF (1) ➢ Outward shift of PPF or movement along PPF (1) ➢ Labelling of PPF (Some appropriate labelling of axes e.g capital versus consumer goods or private versus public sector; accept health care versus non health care) (1) <p>NB: Cap diagram at 2 marks if the PPF is not shifted out.</p> <ul style="list-style-type: none"> • The increase in healthcare provision will lead to a healthier / more productive workforce / especially as it is free at point of consumption so all can use / less absenteeism from work / longer working life / more advanced technology(1+1+1 up to 3 marks) <p>NB: if no diagram offered award a maximum of 4 KAA marks.</p> <p>Evaluation (2+2 marks or 3+1 marks)</p> <ul style="list-style-type: none"> • Discussion of magnitude of the increase in government spending/data reference to healthcare as % of GDP. • Discussion of staff wages accounting for 40% of NHS budget so perhaps not much impact on PPF. • Discussion of spending on elderly patients or red tape which may not increase the PPF. • Discussion on how much spending on capital such as new buildings and machinery. • Figure 3 shows that productivity has fallen in the NHS so perhaps less impact on the PPF. • Short run and long run implications. It may take a long time for health care spending to impact on PPF/also there are budget cuts from 2011. • Discussion of whether government spending may have to fall elsewhere (opportunity cost) e.g. education and so PPF may not increase. 	(10)

Question Number	Answer	Mark
9(d)*	<p>KAA 8 marks available</p> <ul style="list-style-type: none"> • Definition of private benefits (1+1 marks) <ul style="list-style-type: none"> ➤ Benefit internal to an exchange / first or second party effect / internal to the production or consumption of a good / benefit included within the price mechanism / social benefit minus external benefit / revenue received by producer / satisfaction received by consumer. • Definition of external benefits (1+1 marks) <ul style="list-style-type: none"> ○ Benefit external to an exchange / positive third party effect / spillover from production or consumption / benefit which the price mechanism fails to take into account / benefit outside of a transaction / social benefit minus private benefit. <p>Diagram (Up to 4 marks)</p> <ul style="list-style-type: none"> • MPB and MC curves (1) • MSB curve (1) • Identification of market equilibrium and social optimum output or price (could be mentioned in the text) (1) <p>NB: merely stating under-consumption is not sufficient.</p> <ul style="list-style-type: none"> • Triangle of welfare gain (accept welfare loss)(1) <p>Note: accept a parallel outward shift of the MSB curve</p>  <ul style="list-style-type: none"> • Explanation of private benefits (Up to 3 marks): improved health to those directly treated / increased life expectancy / increased income from employment. Also accept benefits direct to the NHS such as employment, revenue and trading surpluses. 	

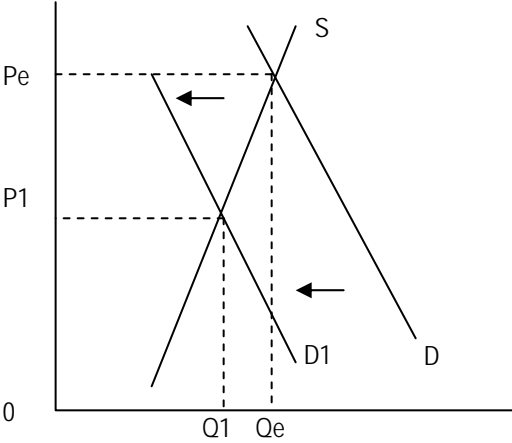
	<ul style="list-style-type: none"> • Explanation of external benefits (Up to 3 marks): healthier workforce for employers / so greater productivity / less absenteeism / more profits / increase in tax revenues / increase in inward investment / reduction in spread of contagious diseases. <p>NB: Benefits must be explicitly identified as private or external benefits. Otherwise award no marks for this explanation.</p> <p>NB: if no diagram then award a maximum of 6 marks for KAA</p> <p>Evaluation: (2+2+2 marks or 3+3 marks)</p> <ul style="list-style-type: none"> ➤ Discussion of magnitude of private benefits: Extract 1 refers to more than 1 million people being treated every 36 hours. This must have a dramatic impact on the health of the population. ➤ Short-run and long run effects: since 1997 the costs of providing healthcare free at point of consumption has increased dramatically. ➤ Prioritise between private and external benefits. ➤ Discussion of whether the benefits outweigh the costs of funding the NHS. Inefficient use of resources. ➤ Difficult to quantify / attach a monetary value on external or private benefits / possibility of over-provision or under-provision of healthcare funds (asymmetric information). ➤ There may be significant costs associated with extra funding of healthcare (opportunity cost) / higher taxes / more government borrowing / less funds for other areas of expenditure. <p>Quality of written communication skills will be assessed in this question based on the candidate's ability:</p> <ul style="list-style-type: none"> • To present an argument and conclude on the basis of that argument. • To Organize information clearly and coherently. • To use economics vocabulary appropriately. • To use grammar, spelling and punctuation appropriately. 	(14)
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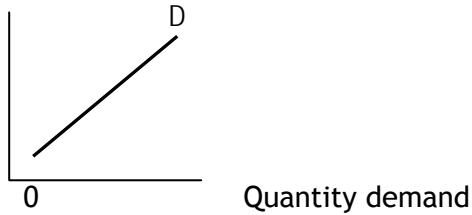
Level	Mark	Descriptor
Level 1	1-4	Definition of private and external benefits.
Level 2	5-8	Application of private and external benefits to healthcare.
Level 3	9-10	Application of private and external benefits to healthcare with diagram.
Level 4	11-12	Up to one evaluation point.
Level 5	13-14	Two or more evaluation points.

Question Number	Answer	Mark
9(e)*	<p>KAA 8 marks (2+2+2+2 marks or 3+3+2 marks)</p> <p>Candidates may argue either way. The development of one point of view constitutes KAA. The alternative view is considered as evaluation</p> <p>Definition / understanding of government failure (Government intervention leads to a net welfare loss / inefficient allocation of resources / intervenes to correct market failure but makes it worse) (1 mark).</p> <p>Government failure may have occurred since:</p> <ul style="list-style-type: none"> ➤ Extract 2 refers to the faster increase in NHS managerial staff over nurses and doctors / adding to bureaucracy / use of figures. ➤ Extract 2 refers to the introduction of competition in the NHS may have added to bureaucracy and fragmentation according to Dr Brent of BMA. ➤ Figure 1 refers to the reduction in number of hospital beds suggests possible reduction provision of service / use of figures. ➤ Figure 3 refers to the decrease in productivity for NHS workers between 1997 and 2007 / use of figures. ➤ Extract 1 refers to current inefficiencies in the NHS - the government should have taken action earlier to reduce them (cost of purchasing goods and services, staff sickness, IT programme, use of buildings). ➤ There may be government failure since the extra resources used in healthcare could have been allocated to other areas (opportunity cost). <p>Evaluation (2+2+2 marks or 3+3 marks)</p> <p>Government failure may not have occurred since:</p> <ul style="list-style-type: none"> ➤ Figure 2 shows hospital waiting times in excess of 13 weeks have fallen / use of figures. ➤ More managers may be required to improve the allocation of funds and health provision since a huge operation / reference to the massive NHS budget of £127 billion in 2011. ➤ The quality of healthcare may have improved - it is difficult to measure this against productivity shown in 	

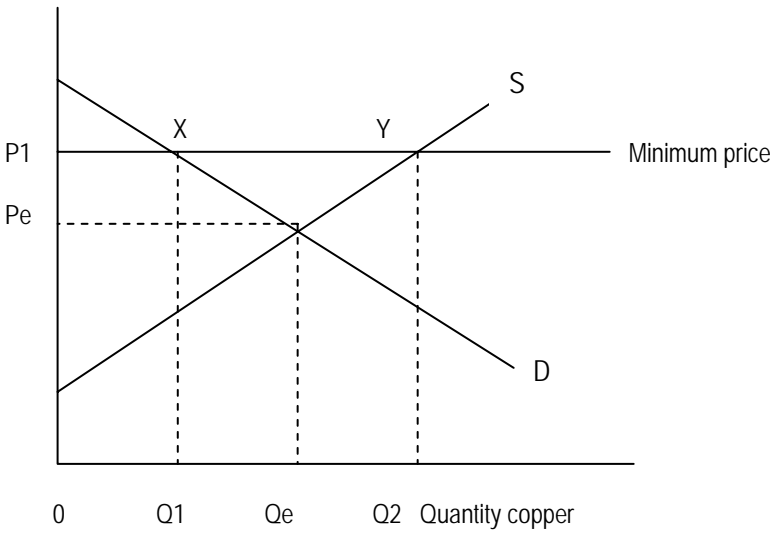
	<p>Figure 3.</p> <ul style="list-style-type: none"> ➤ Extract 1 refers to faster treatment of patients in hospital as revealed by the fall in the average length of stay in hospital / from 8.8 to 6.3 days. ➤ The health reforms are to do with opening up to competition - more of a market failure rather than government failure. ➤ Extract 1 shows the government has identified ways to increase NHS efficiency (cost of purchasing goods and services, staff sickness, IT programme, use of buildings). ➤ Figure 3 shows rising productivity between 2005 and 2007 / use of figures. ➤ Discussion of data accuracy as huge sums of money involved so hard to tell if there has been government failure. ➤ Other things are not equal / other factors may have affected the general health of the population e.g. decrease in smoking or increase in alcohol consumption. ➤ Discussion of short run and long run effects e.g. only time will tell if there is government failure from the health reforms. 	(14)
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Level	Mark	Descriptor
Level 1	1-2	Definition of government failure and basic reference to information.
Level 2	3-6	Use of information to present one view on government failure.
Level 3	7-10	Extensive use of information to present one view on government failure and one evaluation comment.
Level 4	11-14	Extensive use of information to present one view on government failure and two or more evaluation comments.

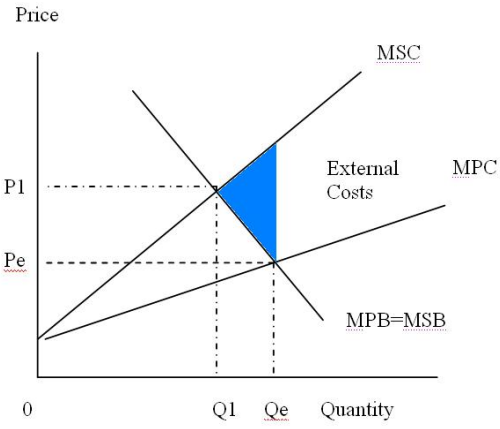
Question Number	Answer	Mark
10(a)	<p data-bbox="320 241 675 275">Correct diagram (3 marks)</p>  <ul style="list-style-type: none"> <li data-bbox="368 822 1165 887">➤ Original demand and supply, depicting equilibrium price (1) <li data-bbox="368 891 890 925">➤ A decrease in the demand curve (1) <li data-bbox="368 929 852 963">➤ Decrease in equilibrium price (1) <p data-bbox="320 992 1129 1057">NB: If supply curve is also shifted as well as the demand curve, then award a maximum of 2 marks for the diagram.</p> <p data-bbox="320 1095 1190 1193">Reasons for fall in price of copper: lower global economic growth / falling demand from China / decrease in demand for motor vehicles and construction sectors (1 mark).</p> <p data-bbox="320 1229 1179 1294">Reference to price fall from \$8,940 to just \$2,871 between April 2008 and December 2009 or a 68% reduction. (1 mark)</p>	(4)

Question Number	Answer	Mark
10(b)	<p>KAA = 6 marks</p> <ul style="list-style-type: none"> • Definition of income elasticity of demand. (1 mark) • Explanation of a normal good (as income increases so will demand increase or vice versa). (1 mark) • Copper is a normal good since it has a positive income elasticity of demand (1 mark). • Explanation of an inferior good (as income increase then demand will decrease)(1 mark). • An inferior good has a negative income elasticity of demand (1 mark) • Data reference (the recession led to a decrease in demand for copper) (Up to 2 marks) • Diagram depicting demand for copper as a normal good (1 mark) <p>Level of income</p>  <p style="text-align: center;">Quantity demand</p> <ul style="list-style-type: none"> • Accept higher order analysis e.g. ‘ceteris paribus’ may not hold, so other factors have affected the demand for copper (1 mark) <p>NB: Accept plausible case for stating copper is an inferior good (Lower global economic growth implies incomes rising at a slower rate but demand is falling - referred to in first paragraph of Extract 1) (Up to 2 marks).</p> <p>NB: Cap at 4 marks if no reference to information in Extract 1</p>	(6)

Question Number	Answer	Mark
10(c)	<p>KAA = 6 marks</p> <ul style="list-style-type: none"> • Definition or formula of price elasticity of supply (the responsiveness of supply due to a change in price or $\% \Delta S \div \% \Delta P$) (1 mark). • Understanding of inelastic or elastic supply (this may be implicit or defined) (1 mark). • Diagram depicting a price inelastic or price elastic supply curve correctly stated (1 mark) <p>Reasons for supply being price inelastic include (2+2+2 marks):</p> <ul style="list-style-type: none"> ➤ Extract 2 indicates lengthy planning enquiry to develop new mine at Pebble Mill / danger of protests from local communities. ➤ Many fixed inputs in short run such as building roads / rail lines or dams or construction of open cast mine. ➤ Time taken to train local workforce in mining. ➤ Full capacity / no spare stocks of copper. <p>Reasons for supply being price elastic include:</p> <ul style="list-style-type: none"> ➤ All inputs become variable in long run / understanding of long run. ➤ Huge scale of operations suggests a lot of copper can be produced / spare capacity. ➤ New firms may enter industry attracted by high prices / firms exit as prices collapse. <p>Evaluation (2+2 marks)</p> <ul style="list-style-type: none"> • Use of data in an evaluative manner e.g. magnitude of price changes make it difficult for supply to respond proportionately in the same manner. • Existing stockpiles could be released on to market - so supply could be elastic in short run / non-perishable commodity so easy to store. • Finite amount of copper available in world - so ultimately highly price inelastic in supply. • Recycling schemes could make supply more elastic as high prices make such schemes profitable. • Economy is coming out of recession so plenty of spare capacity and factor inputs available - so make supply elastic. 	(10)

Question Number	Answer	Mark
10(d)*	<p>KAA = 8 marks</p> <ul style="list-style-type: none"> • Definition of a minimum pricing scheme (a floor price / a minimum price set by an agency (1 mark) • The scheme requires government agency / producer organisation to set minimum price and purchase surpluses at this price (1 mark) • Diagram / explanation (Up to 4 marks) <ul style="list-style-type: none"> ➢ Demand and supply curves with equilibrium price (1). ➢ Minimum price line (can be below equilibrium) (1). ➢ Identifying excess supply or surplus (1). ➢ Area of spending by agency (1). <p>Price</p>  <p>0 Q1 Qe Q2 Quantity copper</p> <ul style="list-style-type: none"> • Economic effects may include: increase in quantity supply and decrease in quantity demand / increase revenues and profits / increase in employment / increase in investment / increase production costs for firms that use copper e.g. builders and car manufacturers / reduce consumer surplus / increase producer surplus. . (1+1+1+1 or 2+2 marks) <p>NB: If no diagram award a maximum of 4 marks for KAA Evaluation (2+2+2 or 3+3 marks)</p> <p>The scheme is unlikely to be successful since</p> <ul style="list-style-type: none"> ➢ Problem of rising prices - mean price fluctuations can still occur above the minimum price. ➢ Problem of purchasing the surplus copper output / will run into huge sums of money / opportunity cost. ➢ It requires all the major copper producers to participate in the scheme to be successful / danger of secondary markets developing. ➢ Problem of deciding on the price to set the minimum price - if below 	

	<p>market equilibrium price then it has no impact / if too high then it causes problems of excess production.</p> <ul style="list-style-type: none">➤ Discussion of price elasticity of demand and price elasticity of supply which determine the size of surplus and expenditure on scheme.➤ Cost of storage / non-perishable commodity.➤ It may reduce competitiveness / efficiency of firms since guaranteed price. <p>NB: Do not award for discussion of a buffer stock scheme but be prepared to award marks where relevant e.g. the minimum price and purchase of stock.</p>	(14)
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Question Number	Answer	Mark
10(e)*	<p>KAA = 8 marks</p> <ul style="list-style-type: none"> • Definition of external costs: cost external to an exchange / negative third party effect / spillover from production or consumption / cost which the price mechanism fails to take into account / cost outside of a transaction / social cost minus private cost equals external cost (1+1 marks). • Application of external costs to copper mining: damage to tourism, fishing and canning industries of \$400 million / noise and visual pollution / loss of employment in these industries and negative multiplier effects / falling property prices / impact on government finances / impact on health of native communities / impact on Balance of trade (Up to 2+2 marks). <p>NB: if the term 'external costs' is not mentioned then cap at 1 mark.</p> <ul style="list-style-type: none"> • Diagram depicting external costs in production (Up to 4 marks): <ul style="list-style-type: none"> ➤ MB and MPC curves (1) ➤ MSC curve (1) ➤ Identification of social optimum and market determined equilibrium positions (could be mentioned in the text) (1) <p>NB: merely identifying over-production is not sufficient.</p> <ul style="list-style-type: none"> ➤ Welfare loss triangle (shaded area) where marginal social costs exceed marginal social benefits for given output slice (1).  <p>NB: If no diagram award a maximum of cap at 4 marks for KAA.</p>	

	<p>Evaluation (2+2+2 marks or 3+3 marks)</p> <ul style="list-style-type: none"> • Significance of external costs: the market equilibrium output will exceed the social optimum output / copper is over-produced and over-consumed / market price differs from social optimum price (1+1 marks). • Magnitude/ time factor: \$400 million per annum fishing industry could be destroyed permanently (1+1 marks). • Prioritise among the external costs. • Discussion of short run and long run effects e.g. initial construction may cause greatest amount of external costs. • Difficult to quantify and attach monetary value to external costs. • The external costs could be reduced through government intervention e.g. regulation / taxation. Also the mining companies could take measures to reduce environmental damage / compensate victims. • External costs could be mitigated by the benefits associated with copper mine (1 + 1 + 1 marks) <ul style="list-style-type: none"> ➤ A new source of income and employment in the area - some 1,000 jobs directly created. ➤ Export earnings from copper could improve Balance of trade. ➤ Help diversify the Alaskan economy. ➤ Tax revenue collected from the mining companies can improve local infrastructure. <p>Quality of written communication skills will be assessed in this question based on the candidate's ability:</p> <ul style="list-style-type: none"> • To present an argument and conclude on the basis of that argument. • To organise information clearly and coherently. • To use economics vocabulary appropriately. • To use grammar, spelling and punctuation appropriately. 	(14)
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Level	Mark	Descriptor
Level 1	1-2	Definition of external costs
Level 2	3-4	Application of external costs to copper mining.
Level 3	5-8	Diagrammatic analysis of social and market equilibrium positions
Level 4	9-10	One evaluation point developed.
Level 5	11-14	Two or more evaluation points developed.

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