

# GCSE **ECONOMICS**

413012/Unit 12      Investigating Economic Issues  
Mark scheme

---

4130  
June 2014

---

Version 1.0/Final

---

---

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 Assessment Writer.

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.

Further copies of this Mark Scheme are available from [aqa.org.uk](http://aqa.org.uk)

1

**Total for this question: 24 marks**

**1(a)** Using **Item A**, calculate the UK's balance of payments with the EU in June 2013.  
**[2 marks]**

**Answer**

Exports: £12.9 billion

Imports: £19.2 billion

B of P is -£6.3 billion

Two marks are given for minus £6.3 billion

One mark if they show working (use of exports and imports figures) but get the wrong answer.

Identifying correct figures for exports and imports worth 1 mark.

**1(b)** Explain **two** ways in which a fall in demand for UK exports to the EU might affect the UK economy.  
**[4 marks]**

**Possible answers include:**

- firms will need to reduce their output **(1)** and so may reduce their employment of workers **(1)**
- total demand in the economy will be reduced **(1)** which might reduce inflation **(1)**
- demand may fall in certain regions of the UK **(1)** leading to regional unemployment **(1)**.

Use 2X2

Identification of an economic effect worth 1 mark.

Do not give marks for an increase in imports.

**1(c)** *If the EU budget increases, the UK government may have to increase taxes. Explain **two** effects that higher taxation might have on the UK economy.*

**[6 marks]**

**Possible answers include:**

- (If taxes like VAT go up)The price of goods in the shops could go up **(1)** and increase costs of living **(1)**, people will be worse off and will not be able to buy so much **(1)**.
- businesses will sell less and unemployment could go up.
- higher (income) taxes might discourage people from working **(1)** which may increase unemployment **(1)** and reduce economic growth **(1)**.
- higher (income) taxes may discourage business investment **(1)** which can reduce the UK's productive potential **(1)** and so reduce economic growth **(1)**.

**Examiners must annotate the level selected eg L1 or L2**

**Apply grid twice:**

Level	Descriptor	Marks	Assessment Objective
L2	One economic effect explained.	3–2	AO2
L1	One economic effect identified.	1	A01
L0	No valid response.	0	

**1(d)** Do you agree that further enlargement of the EU will benefit the UK economy as a whole? Give reasons for your answer.

**[12 marks]**

**Possible answers include:**

**Benefits to the UK economy:**

- increased market size leading to increased sales
- scope for greater economies of scale
- greater pool of labour for firms
- reduced inflation as a result of increased competition.

**Disadvantages to the UK economy:**

- increased competition for firms and jobs
- burden of weaker economies in the EU and greater pressure on existing members to contribute
- threat of outsourcing to lower cost EU countries.

**L2 Example:**

Further EU enlargement will mean a potentially increased market size for many firms (**L1**). This could mean increased revenues for firms (**L2**).

**L3 Example:**

With further enlargement there is greater scope for firms to benefit from economies of scale (**L1**). This could mean that firms can reduce their costs of production and possibly increase their competitiveness (**L2**). This could lead to increased exports for these firms and the UK as a whole (**L3**).

**Examiners must annotate the level selected eg L1, L2 or L3**

Level	Descriptor	Marks	Assessment Objective
L3	Analyses benefit(s) and/or disadvantage(s) of EU enlargement	6–5	AO3
L2	Describes benefit(s) and/or disadvantages(s) of EU enlargement	4–3	AO2
L1	States relevant point(s)	2–1	AO1
L0	No valid response	0	

In addition, (and separately) award marks for evaluation using the grid on the following page.

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

**Examiners must annotate the level selected eg E1 or E2.**

Level	Descriptor	Marks	Assessment Objective
E2	Candidate offers judgement with clear justification. Ideas are communicated with a logical structure and use of technical terms. There are occasional errors in accepted conventions.	6–4	AO3 and Quality of written communication
E1	Candidate offers judgement with limited support. Ideas are communicated in a simplistic way, with limited use of technical terms. Errors in accepted conventions are noticeable.	3–1	
E0	No valid response.	0	

E1: An E1 response is likely to identify benefits and disadvantages of EU enlargement to the UK economy but make limited use of the source Item. Judgements will lack support. For example, the candidate might simply state that the benefits outweigh the disadvantages, or simply refer back to their earlier points without development.

E2: An E2 response is likely to identify and explain benefits and disadvantages of EU enlargement to the UK economy. It is also likely to have made good use of the source Item. Whichever decision is made (yes/no), the justification will be clear. For example, the candidate might argue that it depends upon the viewpoint, e.g. employee or government official and say why. The candidate could also make a judgement about the likely overall impact upon the government's main objectives for the economy.

2

**Total for this question: 22 marks**

**2(a)** Explain what is meant by 'relative poverty'.

**[2 marks]****Possible answer**

When people are poor in relation to other people in society, or in relation to average incomes.

For 2 marks, must give the sense of 'relative'.

1 mark answers will just recognise general concept of poverty, including absolute.

**2(b)** Explain **two** possible effects on UK society of high levels of poverty in the country.

**[6 marks]****Answers might include:**

- increased poverty may lead to less spending **(1)**, which may in turn lead to reduced total demand in the UK economy **(1)** and reduced GDP as a result **(1)**.
- greater unemployment
- social costs such as crime / stress / depression / health issues / lower life expectancy might increase government spending.

**Examiners must annotate the level selected eg L1 or L2**

**Apply grid twice:**

Level	Descriptor	Marks	Assessment Objective
L2	One effect explained.	3-2	AO2
L1	One effect identified.	1	AO1
L0	No valid response	0	

**2(c)** To reduce poverty, the government might consider:

- reducing the rate of income tax on those on low incomes
- providing compulsory education or training for those over 17 years old.

Recommend which method you think is better at reducing poverty in the UK. Use **Item B**, and what you have learnt from your investigation of this topic, to give reasons for your answer.

**[14 marks]**

**Possible answers include:**

**Benefits of intervention methods:**

- may improve relative poverty
- better education / training may improve productivity and employability
- reduced income tax may encourage those on benefits to seek employment
- exploiting trickle-down effects.

**Drawbacks of intervention methods:**

- opportunity costs – of lost tax revenue and extra money spent on education and training
- education/training may have long time lagged effects
- training courses may not be appropriate
- unlikely to ever eradicate relative poverty.

**L2 example:**

Reduced income tax for those on low incomes may encourage those on benefits to seek work (**L1**). This can increase the overall incomes of those in relative poverty (**L2**).

**L3 example:**

Compulsory education and training for those over 17 years old can help to increase their qualifications (**L1**). This is likely to increase their productivity and employability which is likely to increase their earnings (**L2**). This will reduce relative poverty if these courses are valued by employers (**L3**).

**Examiners must annotate the level selected eg L1, L2 or L3**

Level	Descriptor	Marks	Assessment Objective
L3	Analyses way(s) that government can reduce poverty.	8–6	AO3
L2	Describes way(s) that government can reduce poverty.	5-3	AO2
L1	Identifies way(s) government intervention can reduce poverty.	2–1	AO2
L0	No valid response	0	

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



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

**Examiners must annotate the level selected eg E1 or E2.**

Level	Descriptor	Marks	Assessment Objective
E2	Candidate offers judgement with clear justification. Ideas are communicated with a logical structure and use of technical terms. There are occasional errors in accepted conventions.	6–4	AO3 and Quality of written communication
E1	Candidate offers judgement with limited support. Ideas are communicated in a simplistic way, with limited use of technical terms. Errors in accepted conventions are noticeable.	3–1	
E0	No valid response.	0	

E1: An E1 response is likely to identify points for and against each option with limited use of the source Item and/or the candidate's own research into the topic.

For example, the candidate might simply state that reducing the rate of income tax is better, but fail to say much beyond it being better than education or training.

E2: An E2 response is likely to recognise the opportunity costs involved, as well as the differing ways that each method might reduce poverty, including the potentially different time scales involved. It is also likely to have made good use of the source Item and/or the candidate's own research into the topic.

Whichever decision is made, the justification will be clear.

For example, the candidate could argue that both might work, but that education and training might have a longer lasting impact in terms of raising incomes and thus reducing poverty. A distinction could also be made about impacts on relative versus absolute poverty.

3

**Total for this question: 24 marks**

**3(a)** Explain **two** costs to an economy of extreme weather.

**[4 marks]**

**Possible ways may include:**

- increased flooding leading to population displacement, property damage and increased costs of rebuilding
- increased storm damage leading to loss of infrastructure, possible loss of life and lost output
- increased drought in some regions **(1)** leading to loss of farmland and reduced output **(1)**
- costs of preventative measures.

**Up to 2 marks for each economic cost, but only 1 mark for stating a possible cost.**

**3(b)** Explain **two** actions governments might take to reduce global warming.

**[6 marks]**

**Actions could include:**

- government could tax the use of fossil fuels **(1)**. This would make fuels such as oil/petrol more expensive **(1)** and so discourage their use **(1)**.
- carbon trading/pollution permits
- subsidising/promoting development/use of renewable energy
- tax incentives for CO<sub>2</sub> reduction.

**Examiners must annotate the level selected eg L1 or L2**

**Apply grid twice:**

Level	Descriptor	Marks	Assessment Objective
L2	Action explained.	3-2	AO2
L1	Action identified.	1	AO1
L0	No valid response.	0	

NB: Must explain how global warming will be reduced to get 3 marks.

**3(c)** *The governments of developed economies, such as the USA, are expecting governments of developing economies to do more to help solve global warming. Do you think this is fair? Use **Item C**, and what you have learnt from your investigation of this topic, to give reasons for your answer.*

**[14 marks]**

**Possible issues for discussion include:**

**Yes:**

- developing economies have an increasing share of global emissions
- developing economies likely to be largest polluters in future
- emissions in developing economies may reduce overall living standards for their citizens.

**No:**

- global warming traditionally caused mainly by developed economies
- would potentially reduce the growth rates and increase in living standards of developing economies.
- Demand comes from rich, developed economies , even if goods are produced e.g. in China

**L2 example:**

Developing nations such as China would point out that many of the problems of global warming have been created by developed nations in the past, such as the USA (**L1**). This is because the USA has grown to be the world's largest economy (**L2**).

**L3 example:**

Developing economies such as China have an increasing share of global emissions (**L1**). This is shown in the table as China has 21.4% of global emissions which is more than the USA with 16.3%. (**L2**). Despite being an industrialised nation and the world's largest economy the USA has over 5% less share of global emissions than China and so there is a sound argument for developing nations to be asked to do more (**L3**).

**Examiners must annotate the level selected eg L1, L2 or L3**

Level	Descriptor	Marks	Assessment Objective
L3	Analyses global warming issue(s) in context.	8-6	AO3
L2	Describes global warming issue(s).	5-3	AO2
L1	Identifies global warming issue(s).	2-1	AO1
L0	No valid response	0	

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

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

**Examiners must annotate the level selected eg E1 or E2**

Level	Descriptor	Marks	Assessment Objective
E2	Candidate offers judgement with clear justification. Ideas are communicated with a clear structure and use of technical terms. There are occasional errors in accepted conventions.	6–4	AO3 and Quality of written communication
E1	Candidate offers judgement with limited support. Ideas are communicated in a simplistic way, with limited use of technical terms. Errors in accepted conventions are noticeable.	3–1	
E0	No valid response.	0	

E1: An E1 response is likely to identify the arguments for and against developing economies doing more to reduce global warming with limited use of the source Item and/or the candidate's own research into the topic.

For example, the candidate might simply state that yes, developing economies should do more to reduce global warming, but fail to justify their reasons in the context of the source Item.

E2: An E2 response is likely to examine the arguments for and against developing economies doing more to reduce global warming and make good use of the source Item and/or the candidate's own research into the topic.

Whichever decision is made, the justification will be clear.

For example, the candidate might argue that developing countries such as China are likely to overtake developed nations and subsequently produce an ever-increasing percentage of total global emissions. They might also argue that there needs to be global agreement on the issues and that developing countries are unlikely to reduce their emissions without some pressure to do so.