



GCSE

Economics

413012 Unit 12 Investigating Economic Issues

Mark scheme

4130

June 2016

Version 1.0: Final Mark Scheme

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.

Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

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

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

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

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

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

1 (a) Using **Figure 1**, identify the region with the highest rate of unemployment in 2014. **[1 mark]**

Correct answer is: North East

1 (b) Using **Figure 1**, what was the difference in average yearly disposable income between the North West and London in 2014? **[1 mark]**

Correct answer is: £6400

1 (c) Using **Item A**, describe **two** ways in which the data show economic differences between regions of the UK. **[4 marks]**

Apply grid twice.			
Level	Descriptor	Marks	Assessment Objective
L2	Difference described	2	AO2
L1	Difference identified	1	AO1
L0	No valid response.	0	

Possible answers include:

London average income is higher than North East average income (L1), as London average is £7000 more per year (L2).

Unemployment is lower in London than in the North East (L1), as the North East's rate is 2% higher than London (L2).

Examiners must annotate the level selected eg L1 or L2

1	(d)	Explain two possible consequences for the UK economy of increasing inequality between regions.	[6 marks]
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Apply grid twice			
Level	Descriptor	Marks	Assessment Objective
L2	Consequence explained	3-2	AO2
L1	Consequence identified	1	AO1
L0	No valid response.	0	

Answers can include:

- lower economic activity in some regions may lead to increased unemployment (L1). This will tend to reduce average incomes in these regions (L2: 2 marks), which in turn leads to reduced consumption and further stagnation in these regions (L2: 3 marks)
- higher economic activity in regions such as London/South East may lead to increased incomes (L1), leading to higher prices locally for housing and other goods/services (L2)
- increasing unemployment could result in population movement from north to south, leading to overcrowding in the south, and under-population in the north.
- issues relating to crime
- social unrest.

Examiners must annotate the level selected, eg L1 or L2

Examiner's Note: Cap at L1 (1) if no sense of inequality between regions.

1 (e) *In order to reduce inequality between different regions of the UK, the government could consider the following options.*

- *Encourage businesses to locate in areas of high unemployment, such as using HS2 and offering training grants*
- *Set a separate minimum wage for each region based on the living costs there.*

Which option do you think would be most effective in reducing inequality between the regions of the UK? Give reasons for your answer.

[12 marks]

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

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

Possible areas for discussion include:

Policies to attract businesses to locate in areas of high unemployment:

- little short term impact of regional policy
- in long term may help revive areas of deprivation
- costs and opportunity costs associated with relocation grants, advertising etc
- will firms respond in the intended ways? Scope for abuse/misuse of financial support?

Setting a separate regional minimum wage:

- will help to improve living standards of the poorest citizens in regions of high economic activity, but may not benefit those in poorest regions, so may not correct market failures associated with regional inequality
- could encourage firms to locate in areas of lower economic activity attracted by lower labour costs, so helping to boost economic activity outside London/South East.

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

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	
0	No valid response	0	
<i>Examiners must annotate the level selected eg E1 or E2.</i>			

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.

Example of E1 and E2 answer

Overall, I believe that regional supply-side policies have the greatest potential to be most effective at reducing the economic divide between regions. This is because adopting a legal regional minimum wage may worsen the problem. (E1). Even though regional supply-side policies may incur significant financial costs as well as opportunity costs for the UK government in the short term, the long run benefits are likely to outweigh these. This is because if firms are attracted to more deprived areas they can help to reduce unemployment, leading to positive multiplier effects in these areas, attracting more firms and so on. (E2).

Total for this question: 22 marks

2	(a)	<i>Define the term ‘globalisation’ and give an example.</i>	[2 marks]
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Possible answer:

The process by which the world is becoming increasingly integrated in terms of trade, culture and free movement, for example Starbucks operating throughout the world.

1 mark for correct definition. 1 mark for appropriate example.

2	(b)	<i>Explain two ways in which multinational companies may benefit the economies of developing countries.</i>	[6 marks]
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Apply grid twice			
Level	Descriptor	Marks	Assessment Objective
L2	Way explained	3-2	AO2
L1	Way identified	1	AO1
L0	No valid response.	0	

Possible ways:

- multinational companies may set up operations in developing countries (L1), meaning the developing country receives foreign investment (L2: 2 marks), leading to increased employment (L2: 3 marks)
- multinationals may help developing countries to make the most of their natural resources
- multinationals may pay some taxes in the developing countries
- multinationals may help to develop local/national infrastructure such as road/rail links.

Examiners must annotate the level selected eg L1 or L2

2	(c)	<p><i>Is it right for large multinational companies to have free choice over which countries they operate in and in which countries they pay their taxes? Use Item B and what you have learnt from your investigation of this topic to give reasons for your answer.</i></p>	[14 marks]
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Level	Descriptor	Marks	Assessment Objective
3	Analyses ethical issue(s).	8-6	AO3
2	Describes ethical issue(s).	5-3	AO2
1	Ethical issue(s) identified.	2-1	AO1
0	No valid response.	0	

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

- ethical issues surrounding rich/poor debate, e.g. worsening of global income disparities
- issues surrounding exploitation of natural resources in developing countries
- issues surrounding potential exploitation of human resources in developing countries
- moral/criminal issues surrounding tax avoidance/evasion or exploitation of loopholes
- ‘trickle down’ arguments
- differences in tax rates used in a competitive way by some countries to attract foreign investment.

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

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	
<i>Examiners must annotate the level selected eg E1 or E2.</i>			

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.

Example of E1 and E2 answer

Overall, I believe it is unethical for multinational companies to be able to have free choice over where they locate and where they pay tax. This is because large companies are able to exploit developing countries' economies by doing this. (E1). Also, this freedom allows huge, barely taxed profits to flow back to already wealthy shareholders in more developed countries, worsening the global income/wealth divide. (E2).

Total for this question: 24 marks

3	(a)	<i>Explain two social costs that might arise from used chewing gum being dropped onto the street.</i>	[4 marks]
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Apply grid twice			
Level	Descriptor	Marks	Assessment Objective
L2	Social cost explained	2	AO2
L1	Social cost identified	1	AO1
L0	No valid response.	0	

Possible social costs include:

- visual (eyesore) pollution
- damage to shoes and clothing
- the cost of extra street-cleaning is a social cost (L1) since local councils will have to devote additional resources to dealing with the sticky chewing gum, which is hard to remove (L2).

Examiners must annotate the level selected eg L1 or L2

Examiner's Note: 1 mark for identifying cost
 1 mark for effect

3	(b)	<i>Explain two ways Westminster Council could reduce the problem of chewing gum on the streets.</i>	[6 marks]
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Apply grid twice			
Level	Descriptor	Marks	Assessment Objective
L2	Way explained	3-2	AO2
L1	Way identified	1	AO1
L0	No valid response.	0	

Possible answers include:

- increased fines for chewing gum litter in particular (L1) lead to a greater financial penalty if caught (L2: 2 marks) and so people may be discouraged from discarding chewing gum due to this increased threat of financial outlay (L2: 3 marks)
- increased advertising or labelling on chewing gum packs to discourage litter
- provide more bins
- a minimum price, or specific tax on chewing gum.

Examiners must annotate the level selected eg L1 or L2

3 (c) *In order to reduce the problem of chewing gum litter, Westminster Council is considering asking producers to contribute to the clean-up operation. Do you think that 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]

Level	Descriptor	Marks	Assessment Objective
3	Analyses fairness issues in context.	8-6	AO3
2	Describes fairness issues.	5-3	AO2
1	Fairness issue(s) identified.	2-1	AO1
0	No valid response.	0	

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

Possible answers include:

- chewing gum producers making large profits so fair that they contribute to clean-up
- chewing gum producers aware of social costs and should at least do more to raise awareness of litter problem
- consumers responsible for discarding gum on streets so they should be accountable
- higher financial penalties might act as an incentive to manufacturers to develop degradable gum
- if producers contribute to clean-up, they may simply pass on increased costs to consumers as a higher price
- something must be done to deal with this problem and producers are at least partially responsible and so should contribute
- contributing to clean-up is only part of the solution and should be used in conjunction with other methods
- can this be done fairly? How easy is it to apportion the share of costs to producers, especially where there are several producers of chewing gum?

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

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	
<i>Examiners must annotate the level selected eg E1 or E2.</i>			

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.

Example of E1 and E2 answer

Overall, I do believe that chewing gum producers should be made to contribute to the cost of any clean-up. This is because they make large profits without having to contribute financially to dealing with the social costs associated with chewing gum litter (E1). The problem of chewing gum litter is unlikely to be solved without increased efforts, and the problem seems to be getting worse. However I believe it is unlikely that producing firms contributing to the clean-up operation will be enough on its own. Therefore, this method should be used alongside others such as greater availability of bins, fines for littering and increased warning signs about these fines (E2).

Assessment Grid

Question	AO1	AO2	AO3	Total
1 (a) (i)	1			1
1 (a) (ii)	1			1
1 (b)	2	2		4
1 (c)	2	4		6
1 (d)	2	2	8	12
2 (a)	2			2
2 (b)	2	4		6
2 (c)	2	3	9	14
3 (a)	2	2		4
3 (b)	2	4		6
3 (c)	2	3	9	14
Total	20	24	26	70
Weight (%)	30	35	35	100