



General Certificate of Secondary Education

**Business Subjects and
Economics 4130**

Unit 12 Investigating Economic Issues

Specimen Mark Scheme

The specimen assessment materials are provided to give centres a reasonable idea of the general shape and character of the planned question papers and mark schemes in advance of the first operational exams.

Further copies of this Mark Scheme are available to download from the AQA Website: www.aqa.org.uk

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Total for this question: 26 marks

1 (a) Using **Item A**, and your economic knowledge:

1 (a) (i) State **two** methods of measuring the performance of the UK economy.

(2 marks)

Inflation, unemployment, GDP Growth are likely answers but allow other appropriate measures, eg better balance of payments, reduction in poverty.

I mark for each method. Max 2 marks

1 (a) (ii) Using the methods you have identified in **question 1 (a) (i)**, briefly describe how the UK economy has performed over the period given. *(4 marks)*

Answers based on data in Item A.

Answers include:

- inflation rates have remained low/steady mostly on target/some variation;
- unemployment has remained at a low level around 5%, but some increase since 2005/3;
- steady growth in GDP, rising to a higher level 2005/3 – 2006/2.

Level	Descriptor	Marks	Assessment Objective
2	More than one trend described and applied to the Item.	3–4	AO2
1	One trend described.	1–2	AO1
0	No valid response.	0	

1 (b) The Bank of England uses interest rates to control the economy.

Explain how an increase in interest rates will affect each of the **three** measures of performance in **Item A**. *(6 marks)*

As interest rates increase:

- firms' costs increase if they have loans; this could result in price increases (inflation);
- customers have less money to spend due to increased cost of borrowing; this could result in increased unemployment as demand falls;
- customers may prefer to save as rewards are higher, less spending may result in less production and lower economic growth.

Level	Descriptor	Marks	Assessment Objective
2	Possible effect(s) explained	4–6	AO2
1	Possible effect(s) identified.	1–3	AO1
0	No valid response	0	

- 1 (c)** One of the most significant questions still to be decided about the UK economy is whether it should join the Euro.
- Discuss whether or not the UK economy might benefit from remaining outside the Euro?
(14 marks)

Benefits to the UK economy could be centred round easier to export for producers or cheaper to import for consumers.

Drawbacks might include greater fluctuations in the UK's exchange rate and interest rates.

Level	Descriptor	Marks	Assessment Objective
2	Benefit(s) or drawback(s) of joining the Euro.	3–6	AO2
1	Knowledge of joining the Euro shown.	1–2	AO1
0	No valid response.	0	

In addition, 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.

Level	Descriptor	Marks	Assessment Objective
3	Candidate offers judgement with justification. Ideas are communicated with a clear structure and use of technical terms.	7–8	AO3 and Quality of Written Communication
2	Candidate offers judgement with some justification. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	4–6	
1	Candidate offers judgement with limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	1–3	
0	No valid response.	0	

2**Total for this question: 22 marks**

2	(a) State and explain two possible causes of poverty in the UK.	<i>(4 marks)</i>
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Target: to assess knowledge and understanding of causes of poverty in the UK.

Possible causes include:

- poor education;
- limited infrastructure;
- unequal income;
- social deprivation;
- drugs and alcohol dependency.

Level	Descriptor	Marks	Assessment Objective
2	Cause(s) of poverty explained.	3–4	AO2
1	Cause(s) of poverty identified.	1–2	AO1
0	No valid response.	0	

2	(b) Explain two possible effects on the UK economy of a large number of people in the UK living in poverty.	<i>(6 marks)</i>
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Target: to assess knowledge and understanding of effects of poverty on UK economy in developing countries.

Valid problems could include: (although answers may be more simply expressed)

- cost of benefits;
- reduction in potential output;
- social costs;
- loss of demand.

Level	Descriptor	Marks	Assessment Objective
2	Effect(s) of poverty explained in context of the UK economy.	3–6	AO2
1	Effect(s) of poverty identified.	1–2	AO1
0	No valid response.	0	

2 (c) Discuss **two** different methods of reducing income inequality, and recommend which **one** of these methods would be the most effective in a developed country.

(12 marks)

Target: to analyse and evaluate methods of achieving equality in an economy and to apply this to the context of a developed country.

Options for reducing inequality include:

- taxes;
- benefits
- Government expenditure;
- wages policies;
- laws to protect disadvantaged, etc.

Level	Descriptor	Marks	Assessment Objective
2	Method(s) to reduce poverty described.	3– 4	AO2
1	Method(s) to reduce poverty identified.	1–2	AO1
0	No valid response.	0	

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

Note: This question 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.

Level	Descriptor	Marks	Assessment Objective
3	Candidate offers judgement with justification. Ideas are communicated with a clear structure and use of technical terms.	7–8	AO3 and Quality of Written Communication
2	Candidate offers judgement with some justification. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	4–6	
1	Candidate offers judgement with limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	1–3	
0	No valid response.	0	

3**Total for this question: 22 marks**

3 (a) State and explain **two** factors that have contributed to the rapid economic growth of developing countries such as China and India. *(4 marks)*

Target: to assess knowledge, understanding and application of factors affecting growth.

Two types of response could be given. One based on availability of factors (labour, raw materials, increasing access to capital). The other using a market systems approach.

Level	Descriptor	Marks	Assessment Objective
2	Factor(s) affecting growth explained.	3–4	AO2
1	Factor(s) affecting growth identified.	1–2	AO1
0	No valid response.	0	

3 (b) Explain **two** possible environmental problems in developing countries caused by economic growth. *(6 marks)*

Target: to assess knowledge and understanding of environmental factors in developing countries.

Valid problems could include:

- pollution;
- rainforest destruction;
- energy usage (power stations);
- poor controls.

Level	Descriptor	Marks	Assessment Objective
2	Problem(s) explained in context of developing countries.	3–6	AO2
1	Problem(s) identified.	1–2	AO1
0	No valid response.	0	

- 3 (c)** Discuss **two** reasons why many parts of India and China continue to remain poor, and consider which **one** of these reasons is the most significant in causing them to remain poor. (12 marks)

Target: to analyse and evaluate reasons for continued underdevelopment in a developing country and to apply this to the context of India and/or China.

Reasons include:

- poor education;
- poor health;
- over centralisation/bureaucracy;
- political/ethnic/faith issues;
- corruption;
- distribution of income;
- lack of access to markets;
- poor infrastructure;
- civil war.

Level	Descriptor	Marks	Assessment Objective
2	Reason(s) applied to either India and/or China.	3–4	AO2
1	Reason(s) identified.	1–2	AO1
0	No valid response.	0	

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

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

Level	Descriptor	Marks	Assessment Objective
3	Candidate offers judgement with justification. Ideas are communicated with a clear structure and use of technical terms.	7–8	AO3 and Quality of Written Communication
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0	No valid response.	0	

Assessment Grid

Question	A01	A02	A03	Total
1 (a) (i)	2			2
1 (a) (ii)	2	2		4
1 (b)	3	3		6
1 (c)	2	4	8	14
2 (a)	2	2		4
2 (b)	2	4		6
2 (c)	2	2	8	12
3 (a)	2	2		4
3 (b)	2	4		6
3 (c)	2	2	8	12
Total	21	25	24	70
Weight (%)	30	35	35	100