



ASSESSMENT and
QUALIFICATIONS
ALLIANCE

Mark scheme

June 2003

GCSE

Economics

3144

Paper 2H

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Economics - Paper Two, Higher Tier (3144/2H)

General Marking Guidance

While the task is structured in eight parts, answers are to be marked holistically according to the following criteria/levels.

Start at the highest level for each criteria, and look at the candidate's response to see if you can identify evidence of achievement of that level. If you cannot find evidence of that level, move down to the next level. It is not necessary to obtain the lower levels below that which is actually rewarded. For many levels it is only necessary for candidates to show the applicable evidence once to be awarded in that level. There are some levels, however, where candidates need to show evidence more than once. This particularly applies where the term "consistently uses" is in the level descriptor.

Layout/style/structure not to be rewarded.

Guidance will be provided to examiners at the standardisation meeting on how to differentiate between the range of marks at each level.

Quantity may be misleading.

1

Total for this question: 84 marks**Your task**

As Head of the firm's Economic Development Unit, you have collected the information shown in the enclosed Information Leaflet.

Use this information, together with your knowledge and understanding of economics, to write a report for the firm. Your report should explain clearly the arguments for **and** against building any more new houses and advise the firm on the best way forward. You should take into account area(s) of the country as well as relevant government policies

In your report you should:

- outline the factors which determine the demand for, and supply of, owner-occupied housing;
- explain the arguments for building new houses;
- explain the arguments for **not** building any more new houses;
- evaluate these arguments;
- explain which areas of the country the firm should expand into and why;
- explain and discuss the possible solutions open to the firm;
- outline the government policies that would be useful to the firm and explain why;
- recommend which solution would be most appropriate.

You may wish to consider the short-term and long-term solutions.

Your report will be assessed on your ability to:

use economic knowledge, show understanding and use information; *(20 marks)*

apply economic concepts and theories and use appropriate economic terminology and methods; *(20 marks)*

select, organise and interpret information; *(20 marks)*

evaluate evidence, make reasoned judgements and draw appropriate conclusions; *(20 marks)*

present information in a clear, legible and logical way; spell, punctuate and use the rules of grammar accurately; and enable the meaning of the text to be understood. *(4 marks)*

Essay marking grid

| Knowledge and Understanding and Use of Information | | |
|---|--|--------------------|
| Level 3 | Substantial evidence of using economic knowledge and gathering of appropriate information to study the problem presented. Has assembled relevant evidence and shown very good understanding. | 15-20 marks |
| Level 2 | Has used economic knowledge in relation to the context of the problem. Has copied some material but has summarised and adopted other information. Demonstrates good understanding of evidence. | 9-14 marks |
| Level 1 | Some attempt to use economic knowledge gained in the course, but limited in its relevance. Most of the work is copied from source material and understanding is limited. | 1-8 marks |
| Level 0 | No relevant information presented. | 0 marks |

| Application | | |
|--------------------|--|--------------------|
| Level 3 | Clear evidence of applying at least three economic concepts and theories appropriately to the problem. Precise use of economic terminology and methodology in addressing the problem. | 15-20 marks |
| Level 2 | Good attempt to apply economic concepts and/or terms to the problem. Demonstrates ability to apply at least two economic theories to the problem. Use of appropriate economic terminology and methodology with some success. | 9-14 marks |
| Level 1 | Some attempt made to apply at least one economic concept and/or theory and/or term to the problem, but a tendency to make unsupported generalisations. | 1-8 marks |
| Level 0 | No attempt made to apply economic knowledge to the problem. | 0 marks |

| Select/Organise/Analyse and Interpret | | |
|--|---|--------------------|
| Level 3 | Information/data has been selected in an effective way. The information selected has been well organised; at least three sources have been analysed. Evidence of interpretation of information/data, applicable to the problem has been clearly demonstrated. | 15-20 marks |
| Level 2 | Information/data has been selected and organised in an effective way. The information selected has been organised; at least two sources have been analysed. Begins to interpret information/data in relation to the problem. | 9-14 marks |
| Level 1 | Some evidence that data/information has been selected and organised. There is evidence of selection and organisation from at least one source. There has been some relevant analysis of the information used, but little or no interpretation has been carried out. | 1-8 marks |
| Level 0 | No attempt made to select, organise, analyse or interpret data. | 0 marks |

| Evaluation/Judgement | | |
|-----------------------------|--|--------------------|
| Level 3 | Examines the problem and draws conclusions which are supported with evidence. Judgements and recommendations have been made, using economic knowledge from the course. There is good evaluation of evidence with some reasoned judgements. | 15-20 marks |
| Level 2 | Begins to examine critically and draw conclusions supported by some evidence with judgements and recommendations based on economic knowledge from the course. There is some relevant evaluation of evidence. | 9-14 marks |
| Level 1 | A limited attempt to draw conclusions and make reasoned judgements in an elementary way. There is some attempt to evaluate the evidence. | 1-8 marks |
| Level 0 | No attempt made to draw conclusions. | 0 marks |

| Quality of Written Communication | |
|--|------------------|
| Information is clearly and logically presented using an appropriate form. The text is legible. Candidates spell, punctuate and use the rules of grammar accurately, enabling the meaning to be clearly understood. | 4 marks |
| Information is presented in an appropriate form. The text is legible. Candidates generally spell, punctuate and use the rules of grammar accurately, although there may be some errors. The meaning is clear. | 2-3 marks |
| Some of the information presented is in an appropriate form. Generally the text is legible. Although there are errors in spelling, punctuation and grammar, candidates' meaning can be understood. | 1 mark |
| Candidates have failed to reach the standard required for the award of a mark. | 0 marks |

Examples of expected responses**1. Factors determining demand for housing**

- Price of housing.
- Real income.
- Interest rates – mortgage rates.
- Rising population.
- Government policy.
- Growth rate.

Factors determining supply of housing

- Price of housing.
- Costs of building new homes – labour + land costs.
- Availability of new building land.
- Government policy including planning permission.
- Changes in goals of producers.
- Technology.
- Other types of accommodation.

2. Arguments for building new homes might include

- Rising house prices.
- Rising income for many workers.
- Falling interest rates.
- Economic growth and confidence.

3. Arguments for not building new homes might include

- Prices still rising but growth expected to slow down.
- Manufacturing industry expecting slowdown, link to pay and income.
- Threat of rising unemployment and falling consumer confidence.
- Has the housing market already hit its peak?
- Possible rises in interest rates.
- Terror attack loss of confidence.
- Large job losses in Scotland.
- Fear of state of global economy and threat of recession in the UK.

4. North West

- Firms already based there – no costs of relocation or new suppliers.
- Further growth expected.
- Prices low – scope to rise.

5. London and South East

- Highest prices for new homes.
- But fears over jobs and pay – impact on London of falling share prices and lower city bonuses.
- Problem of lack of land for new homes.

6. Scotland

- Not a good choice.
- House prices rose by less than 10%.
- Huge job losses.

7. Northern Ireland

- Lowest price rise.

But – West Midlands

- A good prediction

8.

- Lower mortgage rates makes it cheaper for potential buyers to purchase new homes.
- People find it easier to move upmarket.
- Consumers have more “spare” income to meet housing costs.
- Building firms themselves have lower borrowing costs for raw materials, machinery etc.
- Higher demand – lower costs = more profit.

How government grants might help small building firms:

- Lower costs
 - Fewer constraints
- } therefore increased supply

Ease problems as time between start of project and sale of new houses reduced. All leads to more profit.