



General Certificate of Secondary Education

Economics 3144

3144/2F Paper 2 Foundation Tier

Mark Scheme

2005 examination – June series

Mark schemes are prepared by the Principal Examiner and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation meeting attended by all examiners and is the scheme which was used by them in this examination. The standardisation meeting ensures that the mark scheme covers the candidates' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for the standardisation meeting each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed at the meeting and legislated for. If, after this meeting, examiners encounter unusual answers which have not been discussed at the meeting they are required to refer these to the Principal Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of candidates' 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.

Economics - Paper Two, Foundation Tier (3144/2F)

General Marking Guidance

The task is structured in four questions, 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: 20 marks**

- | | |
|---|------------------|
| (a) Using Item B and your own knowledge of economics, outline the Government's main macroeconomic policy objectives. | <i>(8 marks)</i> |
|---|------------------|

Essay marking grid

Knowledge and Understanding and Use of Information		
Level 4	Substantial evidence of using economic knowledge and gathering information to answer the question presented. Has assembled relevant evidence and shown very good understanding.	7-8 marks
Level 3	Has used economic knowledge in relation to the context of the question. Has copied some material but has summarised and adopted other information. Demonstrates good understanding of evidence.	4-6 marks
Level 2	Some attempt to use economic knowledge gained in the course, but limited in its relevance. Most of the answer is copied from source material and understanding is limited.	1-3 marks
Level 1	No relevant information presented.	0 marks

Examples of expected responses

- achieve a high rate of economic growth ;
- keep inflation below 2.5%;
- keep unemployment down;
- achieve a satisfactory balance of payments position;
- reduce budget deficit.

- (b) Which policy objective do you think was likely to give the Government the greatest concern in 2004-2005? Explain your choice. (12 marks)

Application		
Level 4	Clear evidence of applying several economic concepts and theories appropriately to the question. Precise use of economic terminology and methodology in addressing the question.	7-8 marks
Level 3	Good attempt to apply economic concepts and/or terms to the question. Demonstrates ability to apply at least two economic theories to the question. Use of appropriate economic terminology and methodology with some success.	4-6 marks
Level 2	Some attempt made to apply at least one economic concept and/or theory and/or term to the question, but a tendency to make unsupported generalisations.	1-3 marks
Level 1	No attempt made to apply economic knowledge to the question.	0 marks

Select/Organise/Analyse and Interpret		
Level 4	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 question has been clearly demonstrated.	4 marks
Level 3	Information/data has been selected in an effective way. The information selected has been organised; at least three sources have been analysed. Begins to interpret information/data in relation to the question.	2-3 marks
Level 2	Some evidence that data/information has been selected. 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 mark
Level 1	No attempt made to select, organise, analyse or interpret data.	0 marks

Examples of expected responses.

- Expected rise in rate of inflation and the effects of higher inflation on the economy.
- Or
- Unemployment rising by 1 million and the effects of that on the economy.
- Or
- Higher economic growth – good for the economy in terms of increased standard of living – but bad harmful effects in terms of the environment and maybe inflationary.

2

Total for this question: 20 marks

- (a) Using **Item A** and at least **one** other item, describe the Government's budget position in 2003-2004. *(8 marks)*

Knowledge and Understanding and Use of Information		
Level 4	Substantial evidence of using economic knowledge and gathering information to answer the question presented. Has assembled relevant evidence and shown very good understanding.	7-8 marks
Level 3	Has used economic knowledge in relation to the context of the question. Has copied some material but has summarised and adopted other information. Demonstrates good understanding of evidence.	4-6 marks
Level 2	Some attempt to use economic knowledge gained in the course, but limited in its relevance. Most of the answer is copied from source material and understanding is limited.	1-3 marks
Level 1	No relevant information presented.	0 marks

Examples of expected responses

- Government income is £423 billion but it spends £460 billion leaving a deficit of £37 billion.
- The Government is spending more money than it is receiving from taxation and therefore has to borrow to finance the deficit. This borrowing is likely to rise in the future.

(b) Explain the problems which the Government faces with regard to the budget.

(12 marks)

Application		
Level 4	Clear evidence of applying several economic concepts and theories appropriately to the question. Precise use of economic terminology and methodology in addressing the question.	7-8 marks
Level 3	Good attempt to apply economic concepts and/or terms to the question. Demonstrates ability to apply at least two economic theory to the question. Use of appropriate economic terminology and methodology with some success.	4-6 marks
Level 2	Some attempt made to apply at least one economic concept and/or theory and/or term to the question, but a tendency to make unsupported generalisations.	1-3 marks
Level 1	No attempt made to apply economic knowledge to the question.	0 marks

Select/Organise/Analyse and Interpret		
Level 4	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 question has been clearly demonstrated.	4 marks
Level 3	Information/data has been selected 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 question.	2-3 marks
Level 2	Some evidence that data/information has been selected. 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 mark
Level 1	No attempt made to select, organise, analyse or interpret data.	0 marks

Examples of expected responses

- Government receipts lower than expected due to slow down in economic growth and higher spending than expected due to wars in Afghanistan and Iraq and extra money to local authorities to curb council tax bills.
- Government unwilling to raise taxes – after 60 rises in the past (Item E) and voters do not like them. The data suggests strongly that future tax rises are very likely.
- Government unwilling to cut expenditure – plans laid out for future years, much of it in NHS, education is highly desirable and why? (merit goods, public goods, etc.)
- Problems with increasing taxes.
- Problems with cutting the deficit.

3**Total for this question: 20 marks**

- (a) What does the information in the **Information Leaflet** show about the future government spending on education and defence? *(4 marks)*

Knowledge and Understanding and Use of Information		
Level 3	Substantial evidence of using economic knowledge and relevant evidence to answer the question. Has shown very good understanding.	2 marks
Level 2	Uses economic knowledge in relation to the context of the question and has summarised information. Demonstrates good understanding.	1 mark
Level 1	No relevant information presented.	0 marks

Application		
Level 3	Clear evidence of applying several economic concepts and theories precisely and appropriately to the question.	2 marks
Level 2	Good attempt to apply economic concepts and/or terms to the question. Use of appropriate economic terminology.	1 mark
Level 1	No attempt made to apply economic knowledge to the question.	0 marks

The data shows

- Increased government expenditure on education (+ 4 billion) but less on defence (-4 billion).

- (b) Do you think that the Government should continue to spend more money on education and less money on defence? Give reasons for your answer. *(16 marks)*

Select/Organise/Analyse and Interpret		
Level 4	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 question has been clearly demonstrated.	7-8 marks
Level 3	Information/data has been selected 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 question.	4-6 marks
Level 2	Some evidence that data/information has been selected. 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.	1-3 marks
Level 1	No attempt made to select, organise, analyse or interpret data.	0 marks

Evaluation/Judgement		
Level 4	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.	7-8 marks
Level 3	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.	4-6 marks
Level 2	A limited attempt to draw conclusions and make reasoned judgements in an elementary way. There is some attempt to evaluate the evidence.	1-3 marks
Level 1	No attempt made to draw conclusions.	0 marks

Arguments for extra expenditure on education

- Education a merit good.
- Education benefits society as well as the individual.
- Economic benefits of a better educated work force .
- Positive externality.
- What if education provision is left to market forces?

Arguments for less expenditure on defence

- Peace not war.
- Defence expenditure a waste of money.

But on the other hand

- Iraq war and its aftermath.
- Growing international terrorism.
- Defence industry a vital provider for jobs.

Perhaps the cuts should be made elsewhere and why

- Concept of opportunity cost.

4

Total for this question: 20 marks

Given the existing information, the economic forecasts and your knowledge of economics, do you think that the Chancellor of the Exchequer should reduce the budget deficit by raising taxes?
Explain your answer. (20 marks)

Essay marking grid

Knowledge and Understanding and Use of Information		
Level 3	Substantial evidence of using economic knowledge and relevant evidence to answer the question presented. Has shown very good understanding.	2 marks
Level 2	Has used economic knowledge in relation to the context of the question and has summarised information. Demonstrates good understanding.	1 mark
Level 1	No relevant information presented.	0 marks

Application		
Level 3	Clear evidence of applying several economic concepts and theories precisely and appropriately to the question.	2 marks
Level 2	Good attempt to apply economic concepts and/or terms to the question. Use of appropriate economic terminology.	1 mark
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Select/Organise/Analyse and Interpret		
Level 4	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 question has been clearly demonstrated.	4 marks
Level 3	Information/data has been selected 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 question.	2-3 marks
Level 2	Some evidence that data/information has been selected. 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 mark
Level 1	No attempt made to select, organise, analyse or interpret data.	0 marks

Evaluation/Judgement		
Level 4	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.	9-12 marks
Level 3	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.	5-8 marks
Level 2	A limited attempt to draw conclusions and make reasoned judgements in an elementary way. There is some attempt to evaluate the evidence.	1-4 marks
Level 1	No attempt made to draw conclusions.	0 marks

Examples of expected responses.

(a) Raise taxes:

- already been a lot of tax rises;
- this option maybe necessary later;
- not good news for voters;
- disincentive effects of higher taxes;
- which taxes to increase and why.

Candidates should then weigh up these options and produce a recommendation with an appropriate justified conclusion.

(b) Other options:

- cut spending;
- continue to borrow.

Following assessment of all answers, a mark for Quality of Written Communication should be awarded using the following scheme:

Quality of Written Communication		
Level 4	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
Level 3	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
Level 2	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
Level 1	Candidates have failed to reach the standard required for the award of a mark.	0 marks