

Mark Scheme with Examiners' Report GCE O Level Economics (7120)

London Examinations
June 2004

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Mark Scheme with Examiners' Report

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July 2004

Order Code: UO015155

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ECONOMICS 7120, MARK SCHEME

Section A

Question 1

- (a) Definition eg the cost of the next best alternative. (2)
- (b) (i) eg buying a new computer or a new machine. (1)
- (ii) eg buying a new dress or a new pair of shoes. (1)

(Total 4 marks)

Question 2

- (a) Indirect tax is a tax on expenditure (1 mark). Example (1 mark)
Also accept "the burden can be shifted" in definition of indirect tax for 1 Mark. (2)
- (b) 1 mark for correct axes and original demand and supply curves
1 mark for original price and quantity
1 mark for shift of supply to left
1 mark for new price and quantity
1 mark for showing the tax is ad valorem *or indicating incidence of taxation.*
- If both demand and supply shift, only 2 marks can be awarded, for*
- correct axes and original demand and supply curves
 - original price and quantity,
- If original price is indicated on diagram, and new price, award 1 mark.* (5)
- (c) 1 mark for each reason
eg raise revenue, protect health/teeth, decrease imports. (2)

(Total 9 marks)

Question 3

- "A" = public corporation (1 mark)
Accept "public sector organisation" or "public ownership" or nationalised industry".
- "B" = public limited company (1 mark)
Private limited company incorrect. If candidate gives both = incorrect.
- "C" = sole trader/proprietor (1 mark) (3)
- (b) "A", state owned/public corporation (1)

- (c) Advantage identified (1 mark)
Explanation (1 mark) eg sale of shares (1 mark)
Raises revenue (1 mark)
Disadvantage identified (1 mark)
Explanation (1 mark) eg profit motive of privatised firms (1 mark)
May lead to higher prices (1 mark)
Unemployment as a disadvantage must be explained for any marks to be awarded. (4)

(Total 8 marks)

Question 4

- (a) Opportunity cost in A = 3 tonnes of coffee
Opportunity cost in B = 4 tonnes of coffee (2)
- (b) A = 0 coffee
B = 200 tonnes of coffee (1 mark)
A = 100 machines (1 mark)
B = 0 machines
1 mark for A = 0 coffee and B = 0 machines
No mark if this is not stated.
Do not award marks if candidate has repeated data in question and neither country has specialised. (3)
- (c) Each disadvantage 1 mark.
Will probably indicate the disadvantage of being dependent upon one crop.
Crops may fail, therefore reduced income.
Demand may drop therefore reduced income.
Do not accept disadvantages or advantages of division of labour or seasonal unemployment. (2)

(Total 7 marks)

Question 5

- (a) H = households (1 mark)
F = firms (1 mark) (2)
- (b) (i) Consumers' expenditure would fall to \$650bn (1 mark)
- (ii) Investment = \$150bn (1 mark)
Do not penalise for omitting the \$ or bn.
If candidate has indicated/stated a fall in consumers' expenditure and a rise in investment, award 1 mark. (2)
- (c) (i) Taxation (1 mark)
- (ii) Imports (1 mark) (2)

(Total 6 marks)

Question 6

- (a) (i) Rate of inflation = general (1 mark) and sustained rise in prices (1 mark)
1 mark for rise in prices
Accept "change" in price (inflation may be -ve).
Accept period of time for 1 mark. (2)
- (ii) Real income = money income which takes into account inflation
Accept "purchasing power of money", "amount of goods and services money income will buy". (2)
- (b) 1 mark for calculation/method, 1 mark for \$20 000 (*do not need \$*). (2)
- (Total 6 marks)**

Section B

Question 7

- (a) A firm which produces or has outlets in more than one country (1 mark)
Example (1 mark) (2)
- (b) Each reason (1 mark), development (1 mark)
eg transport costs, weight gaining, avoid barriers to trade.
Explanation (1 mark) eg market will be closer (3 x 2 marks) (6)
- (c) Each advantage identified (1 mark), development (1 mark)
Maximum 8 marks for advantages only.
eg investment may lead to increased employment.
- Each disadvantage identified (1 mark), development (1 mark)
Maximum 8 marks for disadvantages only.
eg increases competition and this may lead to failure of domestic firms. (12)
- (Total 20 marks)**

Question 8

- (a) Definition: the responsiveness of quantity supplied to a change in price (up to 2 marks)
Diagrams (up to 2 marks)
Examples eg less than one = inelastic (up to 2 marks) (6)
- (b) (i) Must have demand and supply factors for full marks.
Responses giving **only** demand or **only** supply, maximum 3 marks.
- Demand factors** 1 mark for identification, 1 mark for development
eg high population in city centres
competitive demand
demand high for commercial properties
- Supply factors** 1 mark for identification, 1 mark for development
eg inelastic supply (5)

(ii) Definition of exchange rates (1 mark)

Must have demand and supply factors for full marks.

Responses giving only demand or supply, maximum 3 marks.

Demand factors 1 mark for identification, 1 mark for development
eg demand for exports

Supply factors 1 mark for identification, 1 mark for development
eg demand for imports

(5)

(iii) Must have demand and supply factors for full marks.

Responses giving only demand or supply maximum 3 marks.

Demand factors 1 mark for identification, 1 mark for development
eg if wages are too high people may do the job themselves

Supply factors 1 mark for identification, 1 mark for development
eg no skills required therefore supply high

(4)

(Total 20 marks)

Question 9

(a) Diagram – up to 3 marks

(1 mark for axes, 2 marks for shape showing ageing population).

Average age of population increasing (1 mark)

reference to birth rate (1 mark) death rate (1 mark)

Do not accept “upside down” pyramids or pyramids with older population at base.

(6)

(b) (i) Each effect (1 mark), development up to 2 marks

eg increased expenditure (1 mark)

on health care (1 mark)

and pensions (1 mark)

(max 7)

(ii) Each effect 1 mark, development up to 2 marks.

eg fewer workers (1 mark) may lead to increased wages (1 mark)

or increased use of machinery (1 mark).

(max 7)

(Total 20 marks)

Question 10

(a) 2 marks for each sector (1 mark for example, 1 mark for trend).

eg in farming (primary) (1 mark) fewer workers employed (1 mark).

If candidate gives only sector and example eg primary = farming then award 1 mark for each sector to maximum of 3 marks. Must have trend for more than 3 marks.

(6)

(b) Each cause identified, 1 mark, development up to 2 marks

eg imports of cheap textiles (1 mark) has led to a decline in the number of jobs in the domestic industry (1 mark)

and workers have no other skills (1 mark)

If candidate has not related to a country then maximum 3 marks.

(max 5)

- (c) Each policy identified 1 mark, development up to 2 marks
eg training and education (1 mark), will promote occupational mobility (1 mark)
and decrease structural unemployment (1 mark) (3 x 3 marks)
Do not penalise if not related to country. (9)

(Total 20 marks)

Question 11

- (a) Stock exchange – each function (1 mark)
eg market for stocks and shares, monitors company performance.
- Commercial banks – each function (1 mark)
eg provides safekeeping for money, loans. (6)
- Central bank – each function (1 mark)
eg issues notes and coins, controls money supply.
- (b) Each source identified (1 mark), development (1 mark)
eg savings of owner, loans from bank, overdrafts. (3 x 2 marks) (6)
- (c) Each reason 1 mark, development up to 2 marks
eg to promote competition – keep prices to consumers down, promote efficiency.
Accept other interpretation of “growth” i.e. the small firms growing in size.
If candidate concentrates on advantages of small firms rather than government’s reasons for encouraging them then award only 1 mark for identifying each reason and zero marks for development eg small firms give a personal service and are convenient for the consumer, award only 1 mark. (8)

(Total 20 marks)

Question 12

- (a) The value of one currency expressed in terms of another currency. (2)
- (b) Each factor identified (1 mark),
eg more imports than exports, rate of interest, speculation.
- Explanation (1 mark)
eg demand for currency falls, demand for others rise.
(3 x 2 marks) (6)
- (c) Each measure identified 1 mark, development up to 2 marks
eg tariffs will increase the price of imports and thereby reduce demand.
Measures to decrease imports maximum of 8 marks. (12)

(Total 20 marks)

Question 13

- (a) (i) Increase in real output (1 mark)
per period of time (1 mark)
- (ii) The amount of goods and services consumed (1 mark)
per person per period of time (1 mark)
or accept quality of life (1 mark) **(4)**
- (b) Each policy identified 1 mark, development 1 mark
eg investment in human capital (1 mark) eg education (1 mark)
(3 x 2 marks) **(6)**
- (c) Each advantage of economic growth 1 mark, development/example 1 mark
Each disadvantage 1 mark, development/example 1 mark
Need both sides for full marks.
Maximum of 6 marks if only advantages or disadvantages given. **(10)**
- (Total 20 marks)**

ECONOMICS 7120, CHIEF EXAMINER'S REPORT

General Comments

There are more teachers than ever before who should be congratulating not only their pupils but also themselves on the results achieved in this examination. Many centres had prepared their students well and this was shown by the high marks achieved by many in Section A and the increased number who achieved maximum marks for questions in Section B. It is hoped that these centres will not become complacent but will continue to improve and that they, together with other centres, will read this report and act upon the advice it contains.

In order to achieve success in any examination it is important to follow the instructions, the *rubric*, of the paper. This is common sense as opposed to "examination technique" yet it seems to have bypassed many candidates in their preparation for this particular examination. All of the questions in Section A should be attempted but only three in Section B. Those who failed to comply with these directives were penalising themselves through marks lost and time wasted. Similarly instructions within questions should be obeyed. In question 10 (c) "three policies" were asked for but many candidates decided to ignore this and wrote about all the policies which might reduce the level of unemployment.

This examination saw many more candidates leaving Section A until last. This is not to be recommended as Section A accounts for 40% of the marks. If time is short at the end of the examination it has been proved better to lose marks in part of a question in Section B rather than marks from several of the questions in the compulsory section.

As well as promoting good practice in examinations, for example, paying attention to the marks allocated so that the candidate does not spend too much or too little time on a question, teachers should also warn candidates about the dangers. Candidates who give two answers, one correct and one incorrect, in an answer where only one answer is asked for, will not receive a mark. An example of this is shown in Q5(c)(ii) "Identify a leakage from: foreign trade", the answer "imports and exports" cannot be given a mark as, although imports are a leakage, exports are an injection and it is clear that the candidate cannot distinguish between the two. Repetition is also a problem that limits achievement as it wastes time. In Q9(b)(ii) "Discuss the main effects an ageing population might have on firms" many candidates spent too much time repeating the effects on the pattern of expenditure and ignored the effects on the labour supply.

Whilst it is pleasing to see improvements it is disappointing to have to confirm that some centres are still not preparing their candidates in all parts of the specification for this examination. This was apparent in the questions which dealt with demand and supply and comparative cost. A sound knowledge of demand and supply is essential in Economics and sufficient time should be allocated to the teaching of this topic. It has been mentioned in previous reports that International Trade should not be omitted from the teaching of Economics yet it appears that some centres may be doing this and thereby disadvantaging their candidates

The study of Economics should be related to the candidate's country. This will make the subject more realistic and hopefully more enjoyable for the student. Questions which ask for examples from "an economy of your choice" or "in a country of your choice" allow candidates to make use of this knowledge. Slowly more centres are gaining confidence and bringing data from their own countries into their teaching. These centres are to be commended. Others must now follow their example and incorporate information about their own countries into their teaching. This will not only bring improvements in their students' achievements in examinations but will also prepare them for their role as individuals in society.

Section A

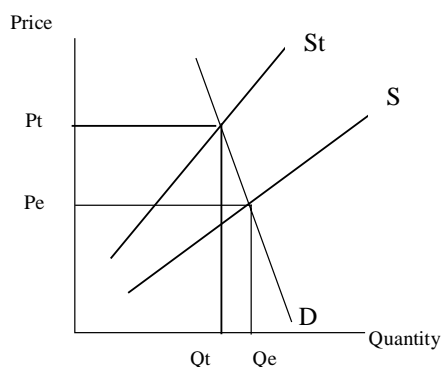
Question 1

Explanations of opportunity cost were often imprecise in part (a) with candidates unable to explain “the alternative forgone” without giving an example. In parts (b)(i) and (ii) the alternative not chosen, the “opportunity cost”, was sometimes unclear. A simple concise answer would be:

- (a) “Opportunity cost is the next best alternative forgone.”
- (b) (i) “A firm may be able to make cars or aeroplanes. It decides to make cars therefore the manufacture of aeroplanes is the opportunity cost.”
- (ii) An individual can be an accountant or a lawyer. He chooses to be a accountant therefore his opportunity cost is becoming a lawyer.”

Question 2

Few candidates had problems defining an indirect tax and giving an example. However, the diagram in part (b) did cause problems. Too often candidates shifted both the demand and the supply curves. The correct diagram below shows how marks were allocated.



Axes and original demand and supply curves = 1 mark.

Original price P_e and quantity Q_e = 1 mark

Shift of supply curve to S_t = 1 mark

New price P_t and quantity Q_t = 1 mark

Indication of either supply diverging (ad valorem tax) or incidence of taxation = 1 mark (this diagram shows diverging supply curve)

In part (c) answers stating “to reduce demand” were too vague. There were many relevant reasons given including those referring to the problem of obesity which has recently been in the news in the UK. There were so many other health reasons given that, if they are all true, governments would actually ban the sale of ice creams! Sometimes candidates incorrectly applied the term “profit” instead of the correct term “revenue”. Another incorrect response involved inflation. Although fiscal policy manipulates taxes to control inflation, it is usually the increase in direct taxes which leads to a fall in aggregate demand. An increase in indirect taxes will cause a fall in demand but brings with it inflationary price increases.

Question 3

- (a) Most candidates were able to identify the three types of business organisation and correctly identify “A” as the type which could be privatised. In part (c) it was insufficient to simply identify an advantage and disadvantage for two points to be awarded. Candidates needed to give a brief explanation of each point.

“Privatisation promotes competition which may improve efficiency and reduce prices. However, as the firm’s aim will be to make a profit, a disadvantage might be the closure of unprofitable parts of the business eg rural postal services.”

Question 4

The concept of comparative advantage is clearly not well understood by many candidates. Part (a) required candidates to look at the ratios in the two countries:

Country A	300 coffee	or	100 machines	3:1
Country B	200 coffee	or	50 machines	4:1

The most common incorrect answers were $A = \frac{1}{3}$ and $B = \frac{1}{4}$ but at times it appeared that candidates were guessing, as answers appeared to bear no relation to the figures in the question.

In part (b) many candidates simply rewrote the data showing no attempt to show comparative advantage and specialisation. Those that did try to answer the question often ignored the fact that the figures given were “either” “or” and so their final analysis was incorrect. The correct answers were:

- (b) (i) Country A = 0 coffee, Country B = 200 coffee
(ii) Country A = 100 machines, Country B = 0 machines

The disadvantages of a country specialising were sometimes confused with the disadvantages of division of labour. The most important problems associated with this type of specialisation were:

“If the demand for coffee falls then the country will lose foreign currency revenue from its exports. The weather can cause the crop to fail so that there will be less sold.”

Question 5

Although most candidates correctly identified “H = households” and “F = firms” there were some who had obviously not studied this part of the course giving the answers “secondary” or “private sector” and “primary” or “public sector”. The level of consumers’ expenditure was usually calculated correctly but the level of investment caused some confusion. In a two sector economy if savings, the only withdrawal, go up then so too does investment, hence the correct response to part (b)(ii) is \$150bn. The mistake on the examination paper which gave investment as \$100 did not appear to lead to any candidates being disadvantaged as the examiners allowed candidates to omit the “\$” and “bn” in this answer.

In part (c) too many candidates were confused between the injections (government expenditure and exports) and the withdrawals (taxation and imports).

Question 6

Rather than answering the question in part (i) with a succinct definition many candidates simply rephrased it eg “rate at which inflation increases” instead of “the general and persistent increase in the level of prices”. In part (ii) real income, which takes into account inflation, was confused with disposable income, which is income after compulsory deductions like income tax. Sometimes candidates gave their own correct calculation of real income eg “If income = \$500 and the inflation rate is 8%, the real income is \$460”. Yet in part (b) the same candidate could not calculate the real average income. The most common mistake in part (b) involved deducting 20% of \$22000 from \$22000 giving the answer \$19800. The simplest method was to calculate that the change in income was 10% and the change in the price index (inflation) was 10%, therefore there was no change in real income in 2003, ie real income = \$20000.

Section B

Question 7

This was the most popular question on the paper with many well prepared candidates achieving maximum marks. Apart from a minority of candidates who omitted to give an example of a multinational this part caused no problems. In parts (b) and (c) some candidates misread the question and answered for a “developed” rather than “developing” country. However, there were many excellent responses like the one below.

- (b) “Sometimes the government of the host country gives special incentives if the companies locate in a prescribed area. Such incentives include tax holidays and grants. In developed countries the wages of the labour are high but in countries like Bangladesh wages are very low so costs are reduced. Sometimes multinationals set up in developed countries to avoid import restrictions. This gives them a bigger market for their products.”
- (c) “Advantages. Consumers will get a variety of goods at a lower price resulting in an increase in their standard of living. The multinational will employ local workers, reducing the unemployment level in the country. This will also improve the standard of living. New production techniques may be introduced and the firm may train the workers and improve their skills. The multinational will increase the government’s revenue by the payment of taxes and so the government may be able to spend more on health and education and the infrastructure of the country. The multinational may export some of its goods and this will bring foreign currency into the country which will improve the balance of payments.
- However, there are disadvantages. Multinationals may not be concerned with the environment and create social costs such as pollution and congestion. The profit generated by the multinationals are sent back to the home country and this will worsen the balance of payments as they are invisible imports. The multinationals may dominate the country and may take advantage of the government and demand more grants. They may also force domestic firms out of business creating unemployed workers. The workers the multinationals employ may be exploited by cheap wages and poor working conditions.”

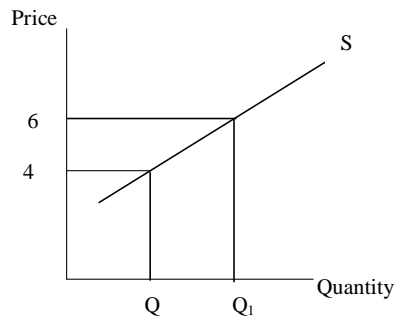
Question 8

This was probably the least popular question on the paper. When attempted, responses were usually poor especially in part (b) where many candidates simply gave random comments rather than applying a theoretical approach using demand and supply analysis. In part (a) there were few precise definitions of elasticity of supply. Diagrams often showed a shift of supply rather than the slope of the curve. A correct response to part (a) is given below:

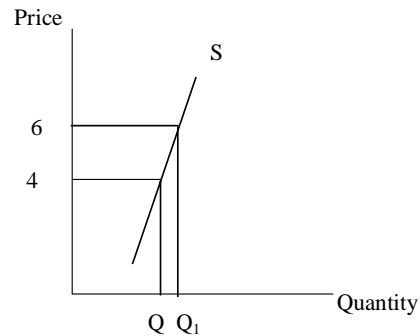
“Elasticity of supply measures the responsiveness of quantity supplied to a change in price. It can be calculated by the formula:

$$\text{Price elasticity of supply} = \frac{\% \text{ change in quantity supplied}}{\% \text{ change in price}}$$

Elastic supply is greater than one.
eg Supply of manufactured goods.

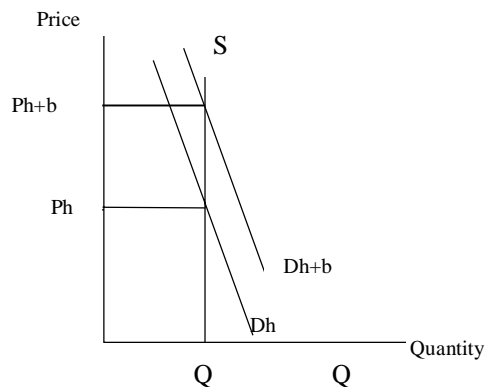


Inelastic supply is less than one.
eg Agricultural goods.”



In part (b) candidates appeared to not understand the requirements of the question. Discussion was fragmented and disjointed with little attempt to relate prices, exchange rates and wages to the price mechanism. A good response to part (b)(i) is given below:

“The price of houses in city centres is likely to be higher than that of houses elsewhere because demand may be greater than supply. In city centres the demand for buildings will come from businesses for offices and shops as well as from people who want to live there. There are more people in cities than in the rural areas so demand will be greater. The supply of land in city centres is fixed (elasticity of supply = 0) although it has various uses. The business may be able to pay more for land than people who want to live in houses so prices will be forced up.

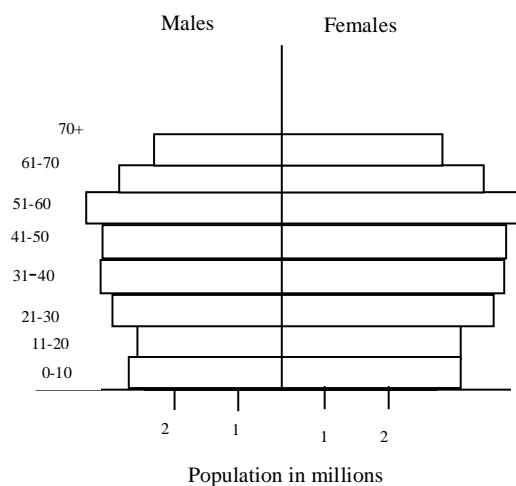


Dh is the demand for houses.
Dh+b is the demand for buildings by house buyers and businesses.
S is the fixed supply of land.”

Question 9

Population is usually a popular question and this proved to be no exception. However, attempts to draw the population pyramid for an ageing population were poor. The pyramid should have been similar to the diagram below showing the characteristic “bulge”, however, some pyramids were upside down or grossly distorted.

The diagram should have looked like this:



Often too much was written about how the decrease in the birth and death rates occur rather than just stating the fact that these are necessary conditions for an ageing population. In part (b)(i) candidates concentrated on the increase in government expenditure and often ignored the changes in revenue associated with it. Similarly in part (ii) the change in the pattern of demand dominated answers with the change in the size and structure of the working population ignored.

Question 10

It appears that many candidates do not appear to understand the term “trends”. Too often this aspect of the question was not attempted nor was any attempt made to relate the answer to “an economy of your choice”. Similarly, in part (b) the “causes” were replaced by some candidates with simple lists of types of unemployment, unrelated to “a country of your choice”. A good response is shown below:

- (a) “In Sri Lanka the primary sector, although declining in importance, still employs more workers (38%) than the other sectors. The main primary industry is agriculture, notably tea plantations, although there is also some mining, fishing and forestry. The secondary industry is employing more workers as the country now processes the raw materials eg rubber and tea. It also has an important clothing and textiles industry. The tertiary sector is also becoming more important having grown from 31% in 1990 to about 50% in 2000. Many workers are now employed in tourism especially in the southern parts of the country where new hotels have been built near the beaches.”
- (b) “The main causes of unemployment in Sri Lanka have been due to the civil war which for many years led to poor economic growth and low demand at home and abroad. This can be called demand deficient unemployment. Poor weather conditions, especially droughts, which have affected the primary sector led to fewer workers being employed. The civil war has affected the country’s tourist trade and also the importance of Colombo as a centre for shipping which has led to unemployment in these industries.”

Part (c) required “three policies” and most candidates scored highly on this section but some wasted their time by describing all the policies which might reduce unemployment. The main

policies given were fiscal and monetary as well as supply side policies aimed at helping workers overcome geographical and occupational mobility.

Question 11

Notice must be taken of the marks allocated to each section of the question. Part (a) accounted for only 6 marks yet some candidates wrote several pages describing all the functions of a stock exchange, commercial bank and central bank. Whilst some candidates wasted too much time on part (a) some had trouble finding more than one main function of the stock exchange.

In part (b) the finance for small firms included some sources which were incorrect, notably: borrowing money from IMF, issuing shares on stock exchange and issuing debentures.

Part (c) could be interpreted in two ways, both of which were acceptable. The question could refer to the growth in the number of small firms in the economy or the growth of small firms into larger units. The first interpretation was the most popular although a common mistake was to omit the role of the government and simply list the advantages of small firms to the consumer. Below are examples of both interpretations of the question.

Growth in size of firm:

“The government may want small firms to grow to become more efficient and obtain economies of scale. This might lead to falling costs and lower prices. It may also lead to increased productivity and economic growth. They would also employ more workers so that unemployment would fall and the government would have to pay fewer benefits. If these small firms grow, exports may increase, as larger firms can compete in the international market. This will lead to a more favourable balance of payments”.

Growth in the number of small firms:

“Governments may encourage the number of small firms to grow in order to reduce levels of unemployment. This will increase the output of goods and services, increasing GDP and economic growth in the economy. The small firms provide a variety of goods and services and aim at a wide consumer base. Competition will increase and so prices may fall. The small firms may earn profits which are taxed and which may be used to improve health, education and the infrastructure of the country, leading to higher economic growth. Small firms have direct contact with their consumers and in this way produce the goods and services the consumers demand. In this way resources are efficiently allocated, fulfilling the needs and wants of the people. Small firms may indulge in international trade and their exports may improve the balance of payments on current account.”

Question 12

The definition of an exchange rate caused no problems for candidates who chose this question. In part (b) most candidates understood what is meant by a fall but unfortunately could not explain why a fall in the value of a currency takes place. The following may be of use in the future:

“One of the main factors which causes the exchange rate of a currency to fall in value is the balance of trade. If a country’s imports are greater than exports then the value of the currency would fall. The supply of the currency (associated with the demand for imports) is greater than the demand (required by foreigners to pay for exports).

The next factor is interest rates. If a country decreases its interest rates then this means that it would discourage a lot of “hot money” entering the country. Foreigners would not want to

save in the country because they will get less returns. Foreigners will not demand the currency so the value falls.

The last factor is due to inflation. The value of the currency would fall due to the internal value of the currency. If a country experiences inflation in their economy then this means that their prices would be rising. Foreigners will not import goods from these countries because the prices are too high. This lack of demand for their goods would cause the value of the currency to fall.”

In part (c) there was the occasional candidate who became confused between a budget deficit (government expenditure more than government revenue) and a balance of payments deficit (imports greater than exports). To correct a balance of payments deficit imports can be decreased by various measures, such as Tariff and non-tariff barriers, fiscal and monetary policy. However, candidates should not ignore measures which may increase exports eg

“The government can try to increase exports. This can be done by devaluation whereby the value of the country’s currency makes imports more expensive and exports cheaper. It can also give incentives and awards to exporting firms.”

Question 13

This was one of the most popular questions on the paper. It was therefore surprising that so many candidates had difficulty defining the terms “economic growth” and “standard of living”. Once again some simply repeated the phrase “the standard at which a person is living” and gained no marks.

In part (b) the government’s role in increasing economic growth was omitted. Too often candidates argued that an increase in demand would automatically increase economic growth eg “The rate of interest falls so people spend more and this increases demand and leads to increases in economic growth”. A pity that this candidate did not relate the decrease in interest rate with an increase in investment which is an accepted method of increasing economic growth. If candidates are to give the increase in aggregate demand as a way of increasing economic growth they must ensure that they state this is a short term measure. Another mistaken assumption involved interest rates, savings and investment. Candidates argued that an increase in interest rates would increase savings and therefore investment. In a hypothetical two sector economy savings might well equal investment but in real economies this may not be the case. The following is a good response:

“The government can increase the economic growth in various ways. It can promote the occupational and geographical mobility of labour so that more people are employed. In this way resource, i.e. labour, is used more efficiently. It can set up information centres and give training to workers in new skills so that they can find suitable jobs.

It can also promote research and development so that the country can produce more and better quality products. For example, in Bangladesh the government has helped set up the Bangladesh Rice Research Institution.

Investment in human capital by the government means that the future workforce will be better educated and productivity will improve. In Bangladesh the government has introduced the ‘food for education’ and the ‘cash for education’ programmes.”

Part (c) produced very good responses with many candidates gaining full marks for this part of the question. Advantages and disadvantages of economic growth were discussed with many valid examples.

ECONOMICS 7120, GRADE BOUNDARIES

Grade	A	B	C	D	E
Lowest mark for award of grade	67	55	43	39	34

Note: Grade boundaries may vary from year to year and from subject to subject, depending on the demands of the question paper.

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