



**General Certificate of Secondary Education
June 2012**

Economics

413012

(Specification 4135)

Unit 12: Investigating Economic Issues

Mark Scheme

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1

Total for this question: 24 marks

1 (a) State **two** possible benefits to the UK economy of hosting the 2012 Olympics.
(2 marks)

One mark for each possible benefit.

Possible benefits include:

- increased employment (or reduced unemployment)
- more income from abroad
- improved balance of payments
- higher spending in country
- boost to tourism
- improvements in transport network.

1 (b) Explain how hosting the 2012 Olympics might help the UK government to meet its objective of reducing unemployment.
(4 marks)

Responses could include the following:

- increase in tourists to UK (L1 identifying one way) - more services required to meet needs of tourists (L1 description – top of Level 1) and greater spending will create jobs – and so reduce unemployment (explained in context – top of Level 2)
- large stadiums etc need building – so more jobs required in construction industry to build stadium/facilities etc – likely to reduce unemployment.

Level	Descriptor	Marks	Assessment Objective
2	Possible way(s) explained in context.	4–3	AO2
1	Possible way(s) described.	2–1	AO1
0	No valid response.	0	

1 (c) State **and** explain **two** possible social costs which may arise as a result of hosting the 2012 Olympics. (6 marks)

Possible social costs might include:

- increased congestion in London as a result of increased visitor numbers
- increased pollution eg extra traffic, increased littering, increased noise.

Apply grid twice.

Level	Descriptor	Marks	Assessment Objective
2	Possible social cost explained in context.	3-2	AO2
1	Possible social cost stated.	1	AO1
0	No valid response.	0	

Example

Congestion (L1 -1 mark) due to increased numbers of visitors to London (L2 – 2 marks) there is likely to be increased congestion which will lead to increased journey times for commuters (L2 – 3 marks)

1 (d) *The UK government believes that the benefits of hosting the Olympics will exceed the costs, and so will be good for the UK economy.*

Do you agree that hosting the 2012 Olympics is good for the UK economy? Give reasons for your answer. (12 marks)

Possible areas for discussion include:

Benefits to the UK economy:

- increased tourism and business opportunities
- improved infrastructure
- increased employment and GDP.

Costs to the UK economy:

- large drain on public finances which could have been better spent
- other possible negative spill-over effects – congestion, pollution, security.

Examiners to annotate the level selected by using L1, L2 or L3.

Level	Descriptor	Marks	Assessment Objective
3	Analyses benefits and costs of hosting the 2012 Olympics.	6–5	AO3
2	Explains benefit(s) or cost(s) of hosting the 2012 Olympics.	4–3	AO2
1	Describes benefits or costs.	2–1	AO1
0	No valid response.	0	

In addition, (and 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.

Examiners to annotate the level selected by using E1 or E2.

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

2

Total for this question: 22 marks

2 (a) Explain **one** benefit to UK consumers of large supermarkets. (2 marks)

Possible benefits might include the following:

- large supermarkets are able to offer a wider range of choice **(1)** because they have the capacity to buy goods from a wide variety of producers **(1)**
- large supermarkets are able to offer lower prices to customers **(1)** because they can get big discounts from suppliers which are passed on to the consumer as lower prices **(1)**
- large supermarkets can offer a larger amount (or greater range) of stock **(1)** because they have the capacity to hold larger volumes of stock (from a wider variety of producers) **(1)**.

One mark for a benefit identified plus one mark for explanation of benefit.

2 (b) Explain the effects on producers of large firms dominating the UK supermarket industry. (6 marks)

Possible responses might include the following:

- as large firms are powerful they may force producers to accept low prices for their products. This may force them out of production (eg like dairy farmers). Supermarkets may make the producer modify their product to fit the supermarkets standards
- supermarkets have access to large markets so they can give producers access to these large markets which will help them grow. They can give producers a ready market for their goods and give them a guaranteed price.

Level	Descriptor	Marks	Assessment Objective
2	Explain effects on producers in context.	6–3	AO2
1	Describes effects on producers.	2–1	AO1
0	No valid response.	0	

2 (c) Do you think the government should do more to control the firms which dominate the UK supermarket industry? Use **Item B** and what you have learnt from your investigation of this topic to give reasons for your answer. (14 marks)

Possible areas for discussion include:

For dominance / against government intervention:

- benefits to consumers– low prices and wide choice of goods
- benefits to producers – ready markets for their products
- the big 4 supermarkets have to compete against each other – so no need for government to intervene
- UK economy benefits from powerful firms in terms of employment, exports etc.

Against market dominance / for government intervention:

- small businesses put out of business and high street shops hit by low supermarket prices
- supermarkets could be taking advantage of consumers, compromising on quality in favour of quantity etc
- should be tighter government controls on supermarkets so they don't grow so big.

Examiners to annotate the level selected by using L1, L2 or L3.

Level	Descriptor	Marks	Assessment Objective
3	Analyses reason(s) for/against dominance / government intervention.	8–6	AO3
2	Explains reason(s) for/against dominance / government intervention.	5–3	AO2
1	Describes reason(s) for/against dominance / government intervention.	2–1	AO1
0	No valid response.	0	

Turn over for evaluation grid.

In addition, (and 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
2	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
1	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	

Examples of analysis include:

Explaining the way different parties are affected, eg consumers most likely to be exploited and so need more protection from exploitative firms.

3

Total for this question: 24 marks

3 (a) Explain **two** causes of rapid economic growth in China and/or India. (4 marks)

Possible causes include:

- high labour productivity **(1)** helps to make goods more competitive which increases exports **(1)**
- low labour costs **(1)** will reduce prices and help countries sell more overseas **(1)**
- Rapidly increasing populations **(1)** results in increasing demand for and production of goods **(1)**
- high demand for goods overseas **(1)** leads to higher exports which increases GDP **(1)**
- investments in new technology helps to make goods more competitive which increases exports **(1)**
- education of its population/workforce **(1)** helps to increase labour productivity **(1)**
- encouragement of small businesses **(1)** increases private enterprise which increases economic growth **(1)**.

One mark for identifying a cause plus one mark for development (apply twice).

3 (b) Explain **two** possible negative effects of rapid economic growth on China and/or India. (6 marks)

Possible negative effects could include:

- widening differences in incomes
- poor getting poorer and slipping further into extreme poverty
- negative externalities such as pollution and congestion
- depletion of resources
- worker exploitation.

Apply grid twice.

Level	Descriptor	Marks	Assessment Objective
2	Negative effect explained in context of China/India.	3–2	AO2
1	Negative effect identified.	1	AO1
0	No valid response.	0	

Resource depletion (L1 – 1 mark) rapid economic growth uses up more resources (L2 – 2 marks) including non-renewables such as oil or coal (L2 – 3 marks).

3 (c) *Do you think that the governments of China and/or India show enough concern for ethical issues while their economies are growing so rapidly? Use **Item C** and what you have learnt from your investigation of this topic to give reasons for your answer.* (14 marks)

Possible areas for discussion include:

Government show enough concern

- average living standards/GDP increasing
- improvements to infrastructure
- improvements to healthcare, immunisation, education
- trickle-down effects
- in the long term governments will be better placed to deal with issues like pollution, income inequality.

Government do not show enough concern

- rich/poor divide growing
- social costs, eg pollution, depletion of resources
- population displaced
- workers exploited, eg low pay/poor working conditions.

Examiners to annotate the level selected by using L1, L2 or L3.

Level	Descriptor	Marks	Assessment Objective
L3	Analyses how the government shows or does not show concern for ethical issues.	8–6	AO3
L2	Explains how the government shows or does not show concern for ethical issues.	5–3	AO2
L1	Describes how the government shows or does not show concern for ethical issues.	2–1	AO1
L0	No valid response.	0	

In addition, (and 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
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	