



**General Certificate of Secondary Education
June 2013**

Economics

413012

(Specification 4135)

Unit 12: Investigating Economic Issues

Final

Mark Scheme

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1

Total for this question: 24 marks

1 (a) *HS2 is an example of a supply-side policy. State **two** other supply-side policies.* (2 marks)

Possible answers:

- improvements to infrastructure
- education/training
- privatisation/ encouraging competition
- reducing income tax/benefits.

Specific examples can be rewarded, eg Heathrow runway.

1 mark for each policy.

1 (b) *Explain **two** social benefits of HS2.* (4 marks)

Possible answers:

Increased speed/efficiency of transporting passengers/freight will increase productivity, which will make UK firms more competitive.

The building of HS2 will generate many jobs and increased spending in the economy which will reduce unemployment and increase economic growth.

Better transport may encourage firms from abroad to set up in England which will generate more employment.

Allow private benefits

Apply grid twice:

Level	Descriptor	Marks	Assessment Objective
L2	Possible social benefit explained.	2	AO2
L1	Possible social benefit identified.	1	A01
L0	No valid response.	0	

1 (c) Explain how HS2 might help the UK government to meet **two** of its economic objectives. (6 marks)

Answers could include:

- increased economic growth/GDP
- reduced inflation
- reduced unemployment
- improved balance of payments
- “HS2 will increase economic growth as it is an example of increasing infrastructure. This will increase the UK’s productive capacity”. (3 marks).

Apply grid twice:

Level	Descriptor	Marks	Assessment Objective
L2	Way explained.	3–2	AO2
L1	Way identified.	1	A01
L0	No valid response.	0	

1 (d) *The government believes that HS2 will benefit the UK economy as a whole. Do you agree? 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
- less congestion and pollution.

Disadvantages to the UK economy:

- damage to UK countryside and possible drain on public finances
- other possible negative spillover effects, eg noise, effect on wildlife.

Level	Descriptor	Marks	Assessment Objective
L3	Analyses benefit(s) and/or disadvantage(s) of HS2.	6–5	AO3
L2	Describes benefit(s) and/ or disadvantage(s) of HS2.	4–3	AO2
L1	States relevant point(s).	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	

2

Total for this question: 22 marks

2 (a) Explain **one** method of control or regulation that the UK Government could use to deal with market dominance. (2 marks)

Possible answer:

- tax excessive profits
- fines
- restricting merger/takeover.
- Make a company sell off some of its stores/outlets

1 mark for one method identified plus 1 mark for explanation.

2 (b) Explain **two** ways in which firms in **one** of the industries in **Item B** might increase their market dominance. (6 marks)

Possible ways:

- exploiting economies of scale
- under-cutting rivals' prices
- advertising/marketing
- takeovers/mergers
- prevent other firms coming into the market.

Eg – "Petrol companies may cut their prices compared to their rivals. This may increase their market share and dominance as consumers may switch brands". (3 marks)

Maximum of 2 marks per way if industry not identified.

Apply grid twice:

Level	Descriptor	Marks	Assessment Objective
L2	Way explained.	3–2	AO2
L1	Way identified.	1	A01
L0	No valid response.	0	

2 (c) *Does market dominance by the main firms in **one** of the industries that you have studied benefit or harm consumers? 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:

Benefits to consumers:

- more innovative products
- cheaper products.

Disadvantages to consumers:

- smaller firms find it difficult to compete with the larger firms and close down so there is less choice for consumers
- as larger firms dominate the market and there is less competition - they can charge higher prices.

Level	Descriptor	Marks	Assessment Objective
L3	Analyses benefit(s) /disadvantage(s) of market dominance to consumers in context of industry studied.	8–7	AO3
L2	Describes benefit(s)/disadvantage(s) of market dominance to consumers.	6–4	AO2
L1	Benefit(s)/disadvantage(s) of market dominance to consumers identified.	3–1	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	

3

Total for this question: 24 marks

3 (a) State and explain **two** possible human causes of global warming. (4 marks)

Target: to assess knowledge and understanding of possible causes of global warming.

Possible causes include:

- use of fossil fuels, including transport, produce greenhouse gases which cause global warming
- manufacturing – the production of goods usually requires energy which is often generated by burning fossil fuels
- energy production eg electricity from coal-powered power stations generate greenhouse gases
- farming can lead to deforestation; also the production of methane (greenhouse gas) from the keeping of farm animals
- deforestation – reducing the number of trees reduces the amount of carbon dioxide absorbed in the atmosphere.

One well-explained cause can achieve max 3 marks eg: increased use of transport – leads to increase use of fossil fuel, the burning of which leads to increased CO₂ emissions.

Level	Descriptor	Marks	Assessment Objective
L2	Possible human cause(s) explained.	4–3	AO2
L1	Possible human cause(s) identified.	2–1	A01
L0	No valid response.	0	

3 (b) Explain **two** ways in which the economies of developing countries are affected by global warming. (6 marks)

Ways could include:

- increased flooding/sea level rising
- more extreme weather
- expansion of deserts
- loss of farmland
- population displacement.
- pressure to slow development due to CO₂ emissions.

Apply grid twice:

Level	Descriptor	Marks	Assessment Objective
L2	Way explained in context of developing countries.	3–2	AO2
L1	Way identified.	1	A01
L0	No valid response.	0	

Eg.”More extreme weather leads to crop destruction, which means less food/resources, subsequently leading to reduced GDP/living standards. (3 marks)

3 (c) *Many economists think that there is a conflict between economic growth and sustainability. Do you agree? 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:

Yes:

- economic growth creates the pollutants that lead to global warming
- BRIC development is likely to contribute greatly to global warming
- economic growth leads to resource depletion and pollution
- economic growth tends to lead to increased income disparity.

No:

- economic growth can lead to increased awareness of, and solutions to, global warming.
- economic growth can mean everybody gets better off (plus 'trickle-down').

Level	Descriptor	Marks	Assessment Objective
L3	Analyses growth/sustainability issue(s) in context.	8–7	AO3
L2	Describes growth/sustainability issue(s)	6–4	AO2
L1	Growth/sustainability issue(s) identified.	3–1	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.

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E0	No valid response.	0	