AQA

GCSE
Economics
413012/ Unit 12   Investigating Economic Issues
Mark scheme

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Version 1.0: Final

Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Assessment Writer.

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

Further copies of this mark scheme are available from aqa.org.uk

1   (a)   Using Figure 1, what was the level of UK unemployment during Quarter 1 (Q1) of 2008?

Tick **one** of the boxes next to the figure you think is correct.

[1 mark]

Correct answer is: 1.6 million

1   (b)   Using Figure 1, by how much did unemployment rise between Quarter 4 (Q4) of 2008 and Quarter 2 (Q2) of 2012?

Tick **one** of the boxes next to the figure you think is correct.

[1 mark]

Correct answer is: 0.7 million

1   (c)   Explain two benefits to the UK government of falling unemployment.

[4 marks]

Possible answers include:

Government pays out less in unemployment benefits **(L1)** so more money for other areas of expenditure **(L2)**.
Average incomes are likely to rise (**L1**) meaning the government can collect more in income tax **(L2)**.
Less waste of scarce economic resources **(L1)** meaning economy can produce closer to maximum output **(L2)**.
Government receives more in income tax **(L1)** and so budget deficit can be reduced **(L2)**
Reduction in crime/health issues **(L1)** so less needed on police/NHS so greater expenditure elsewhere **(L2)**
Makes the government more popular **(L1)** so making it more likely to be re-elected **(L2)**

Apply grid twice:

Level	Descriptor	Marks	Assessment Objective
L2	One benefit explained.	2	AO2
L1	One benefit identified.	1	AO1
L0	No valid response.	0	

1   (d)   Explain **two** possible consequences for UK economic growth if the government were to lower the rates of income tax.

[6 marks]

Answers can include:

- lower income tax lead to increased disposable income **(L1)**. This will tend to increase consumption (L2: 2 marks), which in turn increases economic growth (L2: 3 marks)
- lower income tax may lead to an increased incentive to work **(L1)**, leading to increased total output and so increased GDP **(L2)**
- people have more disposable income, so are likely to buy more foreign items **(L1)** worsening the balance of payments and reducing GDP **(L2)**.

Apply grid twice

Level	Descriptor	Marks	Assessment Objective
L2	One consequence of lower taxes on economic growth explained.	3–2	AO2
L1	One consequence of lower taxes on economic growth identified.	1	AO1
L0	No valid response.	0	

1   (e)   Some economists think that the government spending cuts did not benefit the UK economy as a whole. Do you think that the government spending cuts were good for the UK economy? Give reasons for your answer.

[12 marks]

Possible areas for discussion include:

Disadvantages to the UK economy:
- in short term, reduced total demand, reduced incomes and reduced living standards
- reductions in quality of infrastructure such as roads, schools, hospitals
- caused high levels of unemployment when the cuts were introduced but the graph shows that unemployment has fallen since 2012.

Benefits to the UK economy:
- budget deficit reduced – taxes could be kept down and lower interest rates
- promoting growth of private sector employment (explanation of 'crowding in' not required).

Level	Descriptor	Marks	Assessment Objective
L3	Analyses benefit(s) and/or disadvantage(s) of spending cuts.	6–5	AO3
L2	Describes benefit(s) and/ or disadvantages(s) of spending cuts.	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.

Notes: **AO3** also assesses students' 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	

Example of E1 and E2 answer
Overall, I do not believe that the government spending cuts were good for the economy. The economy was in recession and the cuts made this worse **(E1)**. Unemployment was also high and increasing at the time, as shown in Item A. So the government should have been spending more, not less, in order to boost economic growth **(E2)**.

Total for this question: 22 marks

2   (a)   State **two** ways of measuring the standard of living.

[2 marks]

eg GDP or GDP per capita or GNP or GNP per capita (only one acceptable), or other measure of household income/wealth, level of education, standard of health, happiness, inflation/ unemployment (misery index)

1 mark for each correct measure.

2   (b)   Explain **two** ways in which higher prices might lead to poverty.

[6 marks]

Answers can include:
- less disposable discretionary income meaning some households may have to sacrifice one or the other spending category, possibly leading to absolute poverty.
- higher vehicle fuel and household energy prices may mean some individuals unable to afford to get to work, sacrificing income
- higher prices of consumer durables may mean that people are unable to afford them (L1), and so are unable to enjoy a 'normal' material standard of living (L2: 2 marks) , leading to increased relative poverty (L2: 3 marks).

Apply grid twice:

Level	Descriptor	Marks	Assessment Objective
L2	One way explained.	3–2	AO2
L1	One way identified.	1	AO1
L0	No valid response.	0	

2   (c)   Two possible ways to reduce the level of poverty in the UK include:

- increasing the provision of food banks
- increasing household fuel payments to those on lower incomes.

Which method do you think is the best way to reduce poverty in the UK? Use **Item B** and what you have learned from your investigation of this topic to give reasons for your answer.

[14 marks]

Assuming answer is focused on food banks/fuel allowances, answers can include:

- relative costs and opportunity costs
- universal/means–tested allowances/food banks
- public awareness of schemes
- merits of alternative methods
- extent to which they can tackle absolute and relative poverty.

Level	Descriptor	Marks	Assessment Objective
L3	Analyses way(s) that methods can reduce poverty.	8–6	AO3
L2	Describes way(s) that methods can reduce poverty.	5–3	AO2
L1	Reason(s) for/against intervention methods identified.	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 clear justification. Ideas are communicated with a clear structure and use of technical terms. There are occasional errors in accepted conventions.	3–1	
0	No valid response.	0	

Example of E1 and E2 answer

Overall, I believe that providing household fuel payments to those on low incomes is the best method for reducing poverty in the UK. This is because some people may not know where their nearest food bank is **(E1)**. Also some people may feel embarrassed and self–conscious about getting food from food banks. Friends, neighbours and family are less likely to know that someone gets fuel payments **(E2)**.

Total for this question: 24 marks

3 **(a)** Explain **two** ways in which globalisation might benefit UK consumers.

[4 marks]

Possible benefits could include:
- greater range of products, possibly of a higher quality
- exposure to different cultures
- UK consumers can enjoy cheaper products (L1) since products can be manufactured more cheaply in developing countries and imported into the UK (L2).

Apply grid twice

Level	Descriptor	Marks	Assessment Objective
L2	One way explained.	2	AO2
L1	One way identified.	1	AO1
0	No valid response.	0	

3 **(b)** Explain **two** ways in which globalisation might harm the environment.

[6 marks]

Answers can include
- increased transportation distances (L1) lead to increased environmental pollution (L2: 2 marks) as products will now have larger carbon footprints (L2: 3 marks)
- increased use of non-renewable resources
- increased use of unsustainable forest/woodland.

Apply grid twice

Level	Descriptor	Marks	Assessment Objective
L2	One way explained.	3–2	AO2
L1	One way identified.	1	AO1
0	No valid response.	0	

3 (c) Do you think that globalisation benefits developed countries more than developing countries? Use **Item C** and what you have learned from your investigation of this topic to give reasons for your answer.

[14 marks]

Answers can include
- MNCs of developed countries may abuse resources of developing countries
- environmental impacts most likely to be felt/suffered by developing countries
- developed countries may receive unfavourable views for being seen to exploit developing countries
- developing countries may benefit from investment from developed countries.

Level	Descriptor	Marks	Assessment Objective
L3	Analyses relative benefits in context.	8-6	AO3
L2	Describes relative benefits.	5–3	AO2
L1	Relative benefit(s) identified.	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	

Example of E1 and E2 answer
Overall, I do believe that globalisation benefits developed countries more than developing countries. This is because the citizens of developed countries get a wider range of products, that they might not otherwise be able to get, at cheaper prices **(E1)**. Furthermore, even though citizens of developing countries might get more jobs, most of the income is likely to be kept by the employer and may flow back to head offices in developing countries. It is also likely that environmental problems will be more keenly felt in developing countries, who are less equipped to deal with them **(E2)**.