WJEC
CBAC

GCE MARKING SCHEME

ECONOMICS
AS/Advanced

JANUARY 2013

INTRODUCTION

The marking schemes which follow were those used by WJEC for the January 2013 examination in GCE ECONOMICS. They were finalised after detailed discussion at examiners' conferences by all the examiners involved in the assessment. The conferences were held shortly after the papers were taken so that reference could be made to the full range of candidates' responses, with photocopied scripts forming the basis of discussion. The aim of the conferences was to ensure that the marking schemes were interpreted and applied in the same way by all examiners.

It is hoped that this information will be of assistance to centres but it is recognised at the same time that, without the benefit of participation in the examiners' conferences, teachers may have different views on certain matters of detail or interpretation.

WJEC regrets that it cannot enter into any discussion or correspondence about these marking schemes.

ECONOMICS EC1 and EC2

GENERAL MARKING GUIDANCE

Positive Marking

It should be remembered that candidates are writing under examination conditions and credit should be given for what the candidate writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good candidate to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for a less than perfect answer if it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

EC1

Question	Answer	Mark allocation	Assessment objective
1.	**Using the figures from the above diagram explain how a production possibility frontier can be used to illustrate the concept of opportunity cost.** Definition – the next best alternative foregone(1) Explanation(1) Max 2 with no use of the figures	3	AO1 1 AO2 1 AO3 1
2. (a)	**Using the data explain what happened to productivity between 2008 and 2009.** It fell over the period(1) but in 2009 the rate of decline slowed down (1).	2	AO2 1 AO3 1
2. (b)	**Explain one factor which may affect productivity in the UK economy.** Identify a factor (1) and explain (1)	2	AO1 1 AO2 1
3.	**Given this information, using a demand and supply diagram explain why the price of a crate of pumpkins rose from $150 to $200 in the Autumn of 2011.** Candidate draws a demand and supply diagram showing the supply curve shifting to the left (2) If demand is also shown shifting to the right do not penalise unless the diagram shows more pumpkins. Candidate explains the diagram. (2)	4	AO1 2 AO2 1 AO3 1
4.	**The price of internet music downloads falls from 80p to 60p per track. As a result the demand for CDs at a chain of music stores falls by 10%. Calculate the value of cross price elasticity of demand for CDs with respect to the price of music downloads. Explain the significance of your answer.** Answer is +0.4.(2) The correct equation (1) The cross elasticity is positive(1) thus they are substitutes. (1) But only weak substitutes. Less than proportional/inelastic(1)	4	AO1 2 AO2 1 AO3 1

Question	Answer	Mark allocation	Assessment objective
5.	**In many British schools Year 8 girls are offered a series of injections to reduce the chances of them contracting cervical cancer. These injections are free to the girls, fully funded by the NHS, but if these injections were provided at their full price they would cost over £400.** **Using the above information explain what is meant by** **(a) Private costs** Costs paid by the individual (1) £400 for the injection (1) £0 for NHS consumers (1) **(b) Private benefits** Benefits received by the individual (1) less likely to get cervical cancer.(1) **(c) External benefits** Benefits to the wider society/third parties (1) lower NHS costs/sick pay as a result of the injection.(1)	6 2 2 2	AO1 3 AO2 3
6.	**With the aid of a diagram and the above information evaluate the view that a minimum wage is always bad for jobs.** Diagram showing NMW causing unemployment (2) Explanation (2) Data supports this view (2) BUT Depends on the level the NMW is set at (2) It only affects lower paid workers (2) Depends on the state of the economy (2)Increased AD (2) Elasticity of D/S of labour(2) Max 4 without evaluation. Max 6 with no use of data.	8	AO1 1 AO2 1 AO3 2 AO4 4
7. (a)	**Distinguish with examples current and capital expenditure by the government.** Definition of current expenditure – day to day recurring expenditure (1) example (1) Definition of capital expenditure – spending on social capital/investment(1) example (1)	4	AO1 2 AO2 2
7. (b)	**Using the data discuss whether the proposed changes in government spending were likely to benefit the UK economy** Higher current spending will be an injection into the circular flow, help employment/output etc, but negative effects from AD such as inflation. Maybe need for higher taxes. Cuts in capital spending negative effect on AD and AS/potential growth. Deficit reduction. Effects depend on the state of the economy over the period/are figures inflation adjusted. Relative strengths of changes in current and capital spending. Max 3 if only one category of public spending is dealt with. Max 5 without evaluation.	7	AO1 2 AO2 1 AO3 2 AO4 2

Question	Answer	Mark allocation	Assessment objective
8. (a)	**By how much will imports fall as a result of the tariff?** 40m (1)	1	AO2 1
(b)	**What will be the government's revenue as a result of the tariff?** £250m (1)	1	AO2 1
9.	**Using the data evaluate the view that a high exchange rate is always bad for an economy.** Bad for the economy- High export prices loss of export markets. Cheap imports loss of employment. Worsening trade balance. Fewer foreign tourists. Negative effect on AD and GDP. Less FDI Max 4 BUT Cheap imports help to reduce inflation. Loss of price competitiveness pressurises firms to reduce costs and increase non-price factors. Terms of trade improves. Impact depends on how high the exchange rate is and on the Ped of exports and imports. Max 4. Max 4 without evaluation. Max 7 with no explicit use of the data	8	AO1 1 AO2 1 AO3 2 AO4 4