

GCSE ECONOMICS 8136/1

Paper 1 How markets work

Mark scheme

June 2021

Version: 1.0 Final Mark Scheme



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 Examiner.

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.

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Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level, ie if the response is predominantly level 3 with a small amount of level 4 material it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

An answer which contains nothing of relevance to the question must be awarded no marks.

KEY LIST

1	D – Producing goods and services to satisfy needs and wants	6	C – Packaging
2	D – Workers	7	A 138
3	A – workers are in excess demand.	8	D – technical and purchasing economies of scale.
4	A – Enterprise	9	B -0.67
5	C – An increase in the wages of orange pickers	10	B 3500kg

Qu	Part	Marking guidance	Total marks
11		State two benefits to firms of a division of labour.	2
		AO1 = 2 1 mark for each benefit (max 2) Possible answers: Increased productivity. Reduced need for training. Reduced costs. Reduced opportunity cost.	

Qu	Part		Marking guidance	Total marks
12		Explain o right.	one factor that might shift the demand curve for foreign holidays to the	2
		AO1 = 2		
		Marks	Description	
		2	Possible factor explained	
		1	Possible factor identified	
		0	Nothing written worthy of credit	
		 Increase money Increase Increase Reduce Change Do not all Note: This 	sed incomes (1) meaning consumers can now afford to spend more on luxuries such as foreign holidays (2). sed population. sed price of domestic holidays (substitutes). ed price of airport parking, flights (complements). e in tastes, fashions, popularity, advertising. Illow a change in the price of foreign holidays. is indicative content is not exhaustive, other creditworthy responses a awarded marks as appropriate.	

Qu	Part		Marking guidance	Total marks
13		Explain c	one way the main economic groups may interact with each other.	2
		AO1 = 2		
		Marks	Description	
		2	Possible way explained	
		1	Possible way identified	
		0	Nothing written worthy of credit	
		Possible	e answers:	
			mers (1) buying products from businesses (or businesses selling to mers) (2).	
			nment receiving tax from businesses.	
			nment regulating businesses. mers (as workers) paying income tax to government.	
			is indicative content is not exhaustive, other creditworthy responses e awarded marks as appropriate.	

Part	Marking guidance	Total marks
1	Using Table 3 , calculate the price elasticity of supply of loaves of bread if the price of each loaf increases from £1.20 to £1.50.	2
	AO2 = 2	
	Percentage change in price = £0.30/£1.20 x 100 = +25%	
	Percentage change in quantity supplied = 900/1800 = +50%	
	1 mark for both percentage changes accurately calculated even if inverted eg +25%/+50%	
	PES = +50%/+25% = 2 (2 marks)	
	Award 2 marks for correct answer even if no working shown.	
	Award 1 mark if working is correct, but final answer is wrong.	
	1	Using Table 3 , calculate the price elasticity of supply of loaves of bread if the price of each loaf increases from £1.20 to £1.50. AO2 = 2 Percentage change in price = £0.30/£1.20 x 100 = +25% Percentage change in quantity supplied = 900/1800 = +50% 1 mark for both percentage changes accurately calculated even if inverted eg +25%/+50% PES = +50%/+25% = 2 (2 marks) Award 2 marks for correct answer even if no working shown.

Qu	Part		Marking guidance	Total marks
14	2	Explain c	one possible factor affecting the price elasticity of supply of a bakery.	2
		AO1 = 2		
		Marks	Description	
		2	Possible factor explained	
		1	Possible factor identified	
		0	Nothing written worthy of credit	
		Availab made o Capac	pility of factors of production.	
			is indicative content is not exhaustive, other creditworthy responses awarded marks as appropriate.	

Qu	Part			Marking guidance	Total marks
15		_	_	nalyse the possible impacts upon the labour market of ative sizes of the economic sectors in the UK.	6
		AO2 = 2	, AO3 = 4		
		Level	Marks	Description	
		3	5–6	A full analysis of the economic evidence, a well-developed and logical chain of reasoning.	
		2	3–4	An incomplete analysis of the economic evidence, starts to develop a chain of reasoning. Good application of knowledge and understanding of concepts/issues mostly relevant to the context.	
		1	1–2	Analysis of discrete points of the economic evidence with no chain of reasoning attempted. Basic application of knowledge and understanding of concepts/issues with limited relevance to the context.	
			0	Nothing written worthy of credit.	
		Falling reduce reduce occup Identif Reduce Increase Reduce sector Increase Increase reduce	ed demanded wages ations (L3 ying grow demanded demanded wages s.	onal size of primary and secondary sectors (L1) leading to ad for eg jobs in farming and manufacturing (L2) and so and reduced number of workers employed in these 3). Ving size of tertiary sector. Ind for certain primary/secondary sector jobs/skills. Index of the sector in tertiary sector jobs/skills. Index of the sector in the sector jobs/skills. Index of the sector jobs/skills.	
				rive content is not exhaustive, other creditworthy responses d marks as appropriate.	

Qu	Part	Marking guidance	Total marks
16		State two possible diseconomies of scale to a firm when it grows in size. AO1 = 2 1 mark for each correct diseconomy (max 2) Possible answers: Rising costs. Difficulties in managing larger firm.	2
		Communication problems. Reduced worker motivation.	

Qu	Part		Marking guidance	Total marks
17			vhy individuals must make economic choices.	2
		AO1 = 2 Marks	Description	
		2	Reason explained	
		1	Reason identified	
		0	Nothing written worthy of credit.	
		 Individ wants Individ Must s Limited Note: Th	uals have unlimited wants (1) but limited funds to buy needs and (2). uals cannot afford everything they might want. atisfy needs before satisfying wants. d time to do everything they want. is indicative content is not exhaustive, other creditworthy responses a awarded marks as appropriate.	

Qu	Part		Marking guidance	Total marks					
18		Explain one ethical issue that may result from producers seeking to earn very high profits.							
		AO1 = 2	2						
		Marks	arks Description						
		2	2 Issue explained						
		1	1 Issue identified						
		0	Nothing written worthy of credit						
		Possible	Possible answers:						
		(2). • Produc	cers may restrict consumer choice (1) leading to reduced satisfaction						
			cers may reduce quality. cers may cut corners on health and safety.						
			cers may exploit worker and suppliers.						
		Production p	Producers may make excessive profits to satisfy shareholders. Producers may raise prices so that only the rich can afford to buy their products.						
			Producers may give a share of their profits to charity. Producers may have more funds available to develop better products.						
			is indicative content is not exhaustive, other creditworthy responses e awarded marks as appropriate.						

Qu	Part	Marking guidance	Total marks
19	1	Using Figure 3 , calculate the weekly revenue made by the restaurant if it charges a price of £7 per pizza.	2
		AO2 = 2 £7 x 50 (1) = £350 (2 marks) Award 1 mark for correct working, but wrong answer 2 marks for correct answer without working shown.	

Qu	Part		Marking guidance	Total marks
19	2	Explain o its pizzas	one possible reason why the restaurant may wish to reduce the price of s.	2
		AO1 = 2		
		Marks	Description	
		2	Possible reason explained	
		1	Possible reason identified	
		0	Nothing written worthy of credit.	
		Possible	e answers:	
		IncreaseIncreaseReduce	sed quantity demanded (1) if pizzas are price elastic (2). sed revenue, eg cutting price to £6 gives revenue of £360. sed share of local market. e competition. sed sales may reduce average costs.	
			is indicative content is not exhaustive, other creditworthy responses awarded marks as appropriate.	

Qu P	art	Marking guidance	Total marks
20		Using the information in Table 4 , draw and label a bar chart to show sales of video game consoles made by Nintendo and Microsoft in 2017 and 2019. AO2 = 3 marks	3
		Sales (millions of consoles) 30 25 20 15 20 20 20 20 20 20 20 20 20 2	

Qu	Part			Marking guidance	Total marks
21				ssess the costs and benefits to consumers of having a by a small number of firms.	9
		AO2 = 3	, AO3 = 6		
		Level	Marks	Description	
		3	7-9	A fully justified conclusion with sustained evaluation, which is coherent and relevant, with judgements supported by evidence. A full analysis of the economic evidence, a well-developed and logical chain of reasoning. Comprehensive application of knowledge and understanding of pertinent concepts/issues relevant to the context; specialist language used throughout.	
		2	4-6	A partially justified conclusion with an evaluation, which is mostly coherent and relevant; judgements may not be fully supported by evidence. An incomplete analysis of the economic evidence; starts to develop a chain of reasoning. Good application of knowledge and understanding of concepts/issues mostly relevant to the context; specialist language used mostly appropriately.	
		1	1-3	A basic conclusion or assertion may be present based on evaluative judgements supported by little or no evidence. Analysis of discrete points of the economic evidence with no chain of reasoning attempted. Basic application of knowledge and understanding of concepts/issues with limited relevance to the context; may use non-specialist language.	
			0	Nothing written worthy of credit.	
		Costs • Highe and che Lower • Consu	neese.	eg supermarkets working together to increase prices of milk eg poor customer service from high street banks. poitation.	
		• Econo		cale may lead to lower costs and prices. ge numbers of workers, boosting consumers' incomes.	

- Potential for greater innovation.
- Economies of scale and innovation may increase international competitiveness.

Possible issues for evaluation include:

- Extent to which costs outweigh benefits, or vice-versa.
- Depends on the market/industry.
- Depends on the degree of government intervention.
- Depends on the degree of actual competition that exists.
- Dominant firms can be competitive.
- Short term / long term efficiency arguments.

Note: This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.

Qu	Part	Marking guidance			
22		Define th	e term 'market failure'.	2	
		AO1 = 2			
		Marks	Description		
		2	Clear definition of market structure		
		1	Partial or unclear definition of market structure		
		0	Nothing written worthy of credit.		
		MisalloFree mOver o	e answers: ocation of resources. narket fails to achieve an efficient allocation of resources. or under-production of a good or service. oles of types of market failure worth 1 mark (partial/unclear definition).		

Qu	Part	Marking guidance	Total marks
23		Using Table 5 and Item A , calculate the cost per person of the UK Government's proposed spending on methods to prevent flooding. Give your answer to the nearest pound.	3
		£458.8million/67 million (1) = £7 per person (to nearest £) (3 marks) Award 1 mark for correct working Award 2 marks for correct answer, but unrounded, eg £6.85 Award 3 marks for correct answer without working shown OFR 2 marks eg any number/67 million = answer rounded to the nearest pound	

Qu	Part		Marking guidance				
24			wo methods the UK Government could use to correct the market associated with global warming.	6			
		AO2 = 6					
		Apply gri	d twice:				
		Marks	Description				
		3	A full and precise explanation applying economic concepts and issues.				
		2	A partial explanation applying economic concepts and issues but lacking detail.				
		1	Fragmented points made.				
		0	Nothing written worthy of credit.				
		Possible	e answers:				
		would made (Subside Regular	ties, eg for public transport or green technology. ation, eg on factory emissions or business use of fossil fuels. Sting information failure, eg public service broadcasts, or school				
			is indicative content is not exhaustive, other creditworthy responses e awarded marks as appropriate.				

Qu	Part			Marking guidance	Total marks
25		•	the possi bal warmi	ble external costs to the global economy that might result ng.	6
		AO2 = 2	, AO3 = 4		
		Level	Marks	Description	
		3	5–6	A full analysis of the economic evidence, a well-developed and logical chain of reasoning.	
		2	3–4	An incomplete analysis of the economic evidence, starts to develop a chain of reasoning. Good application of knowledge and understanding of concepts/issues mostly relevant to the context.	
		1	1–2	Analysis of discrete points of the economic evidence with no chain of reasoning attempted. Basic application of knowledge and understanding of concepts/issues with limited relevance to the context.	
			0	Nothing written worthy of credit.	
		One e damage contrib Rising Increa for far Note: Th	ge to propouted to consequence to see level used desemblers.	est could be more extreme weather (L1). This leads to perty, infrastructure and people (L2) who may not have limate change in the first place (L3). Is – loss of land, increased risk of flooding. rtification – loss of farmland, loss of habitat and livelihoods ive content is not exhaustive, other creditworthy responses d marks as appropriate.	

Qu	Part			Marking guidance	Total marks
26				JK Government should do more to correct the market failure obal warming?	15
		Use Iten	ns A and	B and your own economic knowledge to justify your view.	
		AO2 = 5	, AO3 = 1	0	
		Level	Marks	Description	
		5	13-15	A justified conclusion with sustained evaluation, which is coherent and relevant, with judgements fully supported by evidence. Analysis of a relevant selection of the economic evidence, with a well-developed logical chain of reasoning. Comprehensive application of knowledge and understanding of pertinent concepts/issues relevant to the context; effective use of specialist language maintained throughout.	
		4	10-12	A partially justified conclusion with an evaluation, which is mostly coherent and relevant; judgements may not be fully supported by evidence. Analysis of a relevant selection of the economic evidence; a logical chain of reasoning is established but not fully developed. Strong application of knowledge and understanding of a broad range of concepts/issues relevant to the context; mostly effective use of specialist language throughout.	
		3	7-9	A partially justified conclusion with an evaluation, but not integrated in a coherent way; judgements are not fully supported by evidence. Analysis of a relevant selection of the economic evidence and starts to develop a chain of reasoning. Good application of knowledge and understanding of a broad range of concepts/issues relevant to the context; consistent use of specialist language but not always effective.	
		2	4-6	A basic conclusion is present based on simple evaluative judgements supported by little or no evidence. Analysis of a relevant selection of the economic evidence with no chain of reasoning attempted. Simple application of knowledge and understanding of a narrow range of concepts/issues relevant to the context; sporadic use of specialist language.	
		1	1-3	Evaluative judgements are simple with no conclusion present.	

	Analysis of a limited selection of the economic evidence with no chain of reasoning attempted; selection of evidence may lack relevance. Basic application of knowledge and understanding of concepts/issues with limited relevance to the context; uses non-specialist language.
0	Nothing written worthy of credit.

Indicative content:

Yes

- Costs to society of global warming are high.
- May become too late without immediate intervention.
- Citizens have done little so far.
- Individuals incapable of taking a long-term view.

No

- Costs and opportunity costs of intervention.
- Scope for government failure critique of methods that might be used.
- Society may alter their behaviour without government intervention.
- Reference to figures in Table 6.

Possible issues for evaluation include:

- Overall needs global agreement; difficult to achieve.
- Extent to which consumers and producers can be trusted to take action.
- Increasing global awareness of issues younger generation increasingly interested in climate issues.
- Relative costs and benefits of intervention.
- Scope for government failure.

Note: This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.