

OXFORD

INTERNATIONAL
AQA EXAMINATIONS

INTERNATIONAL A-LEVEL **ECONOMICS** **EC03**

Unit 3 The Economics of Business Behaviour and the Distribution of
Income

Mark scheme

June 2023

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 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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International A-level Economics mark scheme

How to mark

Aims

When you are marking your allocation of scripts your main aims should be to:

- recognise and identify the achievements of students
- place students in the appropriate mark band and in the appropriate part of that mark band (high, low, middle)
- record your judgements with brief notes, annotations and comments that are relevant to the mark scheme and make it clear to other examiners how you have arrived at the numerical mark awarded
- put into a rank order the achievements of students (not to grade them – that is done later using the rank order that your marking has produced)
- ensure comparability of assessment for all students, regardless of question or examiner.

Approach

It is important to be **open-minded** and **positive** when marking scripts.

The specification recognises the variety of experiences and knowledge that students will have. It encourages them to study Economics in a way that is relevant to them. The questions have been designed to give them opportunities to discuss what they have found out about Economics. It is important to assess the quality of **what the student offers**.

Assessment Objectives

This component requires students to:

AO1	Demonstrate knowledge of terms/concepts and theories/models to show an understanding of the behaviour of economic agents and how they are affected by and respond to economic issues.
AO2	Apply knowledge and understanding to various economic contexts to show how economic agents are affected by and respond to economic issues.
AO3	Analyse issues within economics, showing an understanding of their impact on economic agents.
AO4	Evaluate economic arguments and use qualitative and quantitative evidence to support informed judgements relating to economic issues.

The marking grids

The marking grids cover all the Assessment Objectives indicated as being assessed in each question, followed by indicative content for individual tasks. These have been designed to allow assessment of the range of knowledge, understanding and skills that the specification demands.

The indicative content gives examples of the kind of things students might cover in their responses. They are neither exhaustive nor required – they are simply indicative of what could appear. Other valid content presented in student responses should always be credited.

Using the grids

These levels of response mark schemes are broken down into levels, each of which has descriptors. The descriptors for the level show the performance characteristics of the level. There is the same number of marks in each level. The number of marks per level varies depending upon the total number of marks allocated to the question.

Having familiarised yourself with the descriptors and indicative content, read through the answer and annotate it to identify the qualities that are being looked for and that it shows. You can now check the levels and award a mark.

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 descriptors for that level. The descriptors for the level indicate the different qualities that might be seen in the student's answer for that level.

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 fulfils most but not all of 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.

It is often best to start in the middle of the level's mark range and then check and adjust.

The exemplar materials used during standardisation should be referred to. There will be an answer in the standardising materials that 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 of the same standard, better or worse. 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.

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

Examiners are required to assign each of the students' responses to the most appropriate level according to its overall quality, then allocate a single mark within the level. When deciding upon a mark in a level, examiners should bear in mind the relative weightings of the Assessment Objectives and be careful not to over/under-credit a particular skill. For example, in question 13 more weight should be given to AO3 than to AO1 and AO2. This will be exemplified and reinforced as part of examiner training.

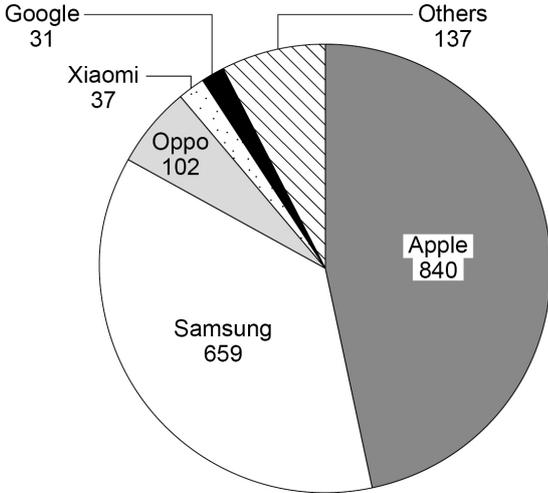
Annotating scripts

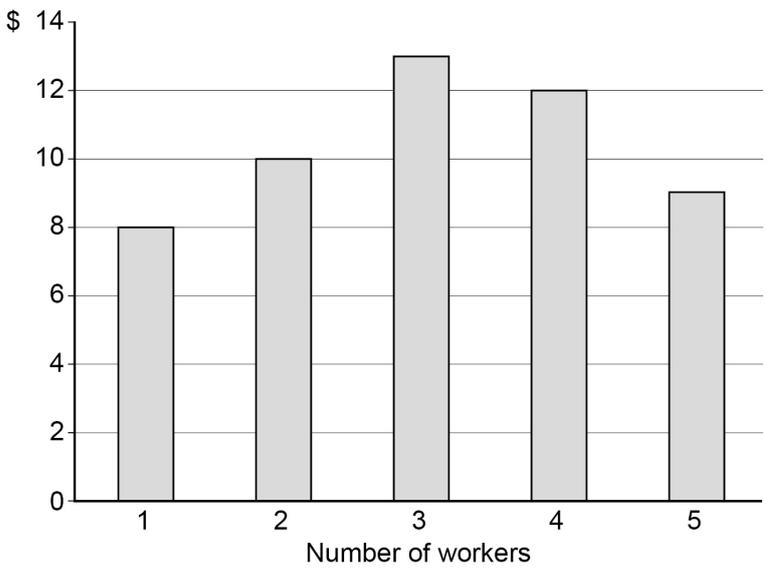
Annotating scripts will help you with making accurate judgements and it will help any subsequent markers to identify how you are thinking. Please do not write negative comments about students' work; this is unprofessional and it impedes a positive marking approach.

Section A

Total for this section: 10 marks

Question	Part	Marking guidance	Total marks
01		Which one of the following is most likely to increase wealth inequality in a country? Answer: D (An increase in property prices)	1 AO1 = 1

Question	Part	Marking guidance	Total marks
02		 <p style="text-align: center;">Total sales of mobile phones = 1 806 000</p> <p>What is the 4-firm concentration ratio in the market (to one decimal place)?</p> <p>Answer: C (90.7%)</p>	1 AO2 = 1

Question	Part	Marking guidance	Total marks
03		 <p style="text-align: center;">Number of workers</p> <p>All other things being equal, how many workers will the firm employ to maximise its profit?</p> <p>Answer: C (4)</p>	<p>1</p> <p>AO2 = 1</p>

Question	Part	Marking guidance	Total marks																				
04		<table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th>Land (units)</th> <th>Labour (units)</th> <th>Capital (units)</th> <th>Output of wheat (tonnes)</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>8</td> <td>12</td> <td>1000</td> </tr> <tr> <td>8</td> <td>16</td> <td>24</td> <td>2400</td> </tr> <tr> <td>12</td> <td>24</td> <td>36</td> <td>3900</td> </tr> <tr> <td>16</td> <td>32</td> <td>48</td> <td>5600</td> </tr> </tbody> </table> <p>Which one of the following best describes what the firm experiences when output increases from 1000 to 5600 tonnes?</p> <p>Answer: D (Increasing returns to scale)</p>	Land (units)	Labour (units)	Capital (units)	Output of wheat (tonnes)	4	8	12	1000	8	16	24	2400	12	24	36	3900	16	32	48	5600	<p>1</p> <p>AO2 = 1</p>
Land (units)	Labour (units)	Capital (units)	Output of wheat (tonnes)																				
4	8	12	1000																				
8	16	24	2400																				
12	24	36	3900																				
16	32	48	5600																				

Question	Part	Marking guidance	Total marks																				
05		<p>Which one of the following is the most profitable level of output for the firm?</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th></th> <th>Output (boats)</th> <th>Total variable costs (\$)</th> <th>Average revenue (\$)</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>1</td> <td>20 000</td> <td>40 000</td> </tr> <tr> <td>B</td> <td>2</td> <td>37 000</td> <td>38 000</td> </tr> <tr> <td>C</td> <td>3</td> <td>64 000</td> <td>35 000</td> </tr> <tr> <td>D</td> <td>4</td> <td>94 000</td> <td>33 000</td> </tr> </tbody> </table> <p>Answer: C (3)</p>		Output (boats)	Total variable costs (\$)	Average revenue (\$)	A	1	20 000	40 000	B	2	37 000	38 000	C	3	64 000	35 000	D	4	94 000	33 000	<p>1</p> <p>AO2 = 1</p>
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Question	Part	Marking guidance	Total marks
06		<p>Which one of the following best describes the replacement of existing products, markets and firms by new ones as a result of technological change?</p> <p>Answer: D (Creative destruction)</p>	<p>1</p> <p>AO1 = 1</p>

Question	Part	Marking guidance	Total marks
07		<p>Which one of the following is the best example of a sunk cost for a firm that provides bus travel?</p> <p>Answer: A (Advertising the bus service)</p>	<p>1</p> <p>AO1 = 1</p>

Question	Part	Marking guidance	Total marks										
08		<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Number of visits (per week)</th> <th>Marginal utility (units)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>150</td> </tr> <tr> <td>2</td> <td>120</td> </tr> <tr> <td>3</td> <td>90</td> </tr> <tr> <td>4</td> <td>40</td> </tr> </tbody> </table> <p>What is the average utility that Chi receives from visiting the park 4 times in that week?</p> <p>Answer: C (100 units)</p>	Number of visits (per week)	Marginal utility (units)	1	150	2	120	3	90	4	40	<p>1</p> <p>AO2 = 1</p>
Number of visits (per week)	Marginal utility (units)												
1	150												
2	120												
3	90												
4	40												

Question	Part	Marking guidance	Total marks
09		<p>All other things being equal, if the government increases the minimum wage from W_2 to W_3, unemployment in this labour market will increase by</p> <p>Answer: C (21 000)</p>	<p>1</p> <p>AO3 = 1</p>

Question	Part	Marking guidance	Total marks
10		<p>Which one of the following is the most likely reason why a firm's minimum efficient scale of production is low?</p> <p>Answer: A (Few economies of scale are available.)</p>	<p>1</p> <p>AO1 = 1</p>

Section B

Total for this section: 10 marks

Question	Part	Marking guidance	Total marks
11	1	<p>Define 'producer surplus'.</p> <p>A full and precise definition is given (2 marks)</p> <p>Examples of acceptable definitions worth 2 marks:</p> <ul style="list-style-type: none"> • the difference between the price sellers are willing to produce each item for and the price they actually receive • the area between the supply curve and the equilibrium (or market) price on a supply and demand diagram. <p>The substantive content of the definition is correct, but there may be some imprecision or inaccuracy (1 mark)</p> <p>Examples of definitions worth 1 mark:</p> <ul style="list-style-type: none"> • the extra benefit producers receive from supplying a product • when a firm sells a product for a higher price than they needed to receive. 	<p>2</p> <p>AO1 = 2</p>

Question	Part	Marking guidance	Total marks						
11	2	<p>Calculate the value of consumer surplus when the bicycle market is in equilibrium.</p> <p>Calculation:</p> <p>(maximum price above equilibrium – equilibrium price)</p> $\times \frac{\text{equilibrium quantity}}{2}$ $(14\,640 - 9300) \times \frac{5400}{2} = \frac{5340 \times 5400}{2}$ $= 14\,418\,000 \text{ THB}$ <table border="1" data-bbox="368 875 1294 1458"> <thead> <tr> <th data-bbox="373 882 1134 965">Response</th> <th data-bbox="1139 882 1289 965">Max 2 marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="373 972 1134 1070">For the correct answer: 14 418 000 THB (or baht) (With or without working shown)</td> <td data-bbox="1139 972 1289 1070">2 marks</td> </tr> <tr> <td data-bbox="373 1077 1134 1451"> For the correct answer but with missing/incorrect units: eg 14 418 000 OR For the correct price difference x correct quantity: 28 836 000 THB (or baht) OR For the correct method but the wrong answer </td> <td data-bbox="1139 1077 1289 1451">1 mark</td> </tr> </tbody> </table>	Response	Max 2 marks	For the correct answer: 14 418 000 THB (or baht) (With or without working shown)	2 marks	For the correct answer but with missing/incorrect units: eg 14 418 000 OR For the correct price difference x correct quantity: 28 836 000 THB (or baht) OR For the correct method but the wrong answer	1 mark	<p>2</p> <p>AO1 = 1 AO2 = 1</p>
Response	Max 2 marks								
For the correct answer: 14 418 000 THB (or baht) (With or without working shown)	2 marks								
For the correct answer but with missing/incorrect units: eg 14 418 000 OR For the correct price difference x correct quantity: 28 836 000 THB (or baht) OR For the correct method but the wrong answer	1 mark								

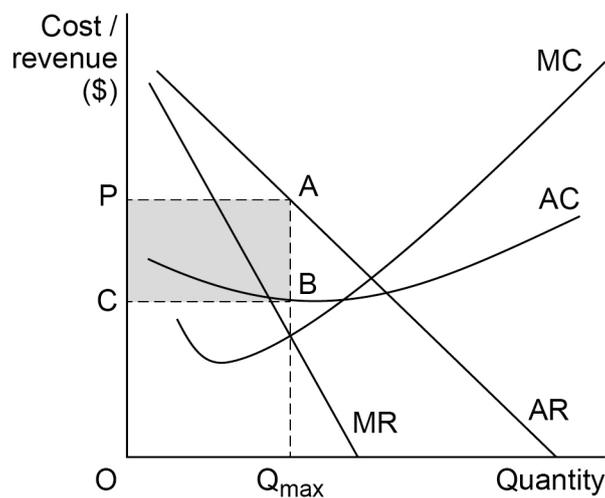
Question	Part	Marking guidance	Total marks						
11	3	<p>A firm with monopoly power raises its price from 9300 baht to 10 230 baht.</p> <p>Using the data from Figure 4, calculate the price elasticity of demand for this change in price.</p> <p>Calculation:</p> $\frac{\text{percentage change in quantity demanded}}{\text{percentage change in price}}$ <p>Percentage change in quantity demanded</p> $= \frac{4320 - 5400}{5400} \times 100$ $= -20\%$ <p>Percentage change in price</p> $= \frac{10\,230 - 9300}{9300} \times 100$ $= 10\%$ $\frac{-20\%}{10\%} = -2$ <table border="1" data-bbox="368 1350 1294 2007"> <thead> <tr> <th data-bbox="368 1350 1134 1447">Response</th> <th data-bbox="1139 1350 1294 1447">Max 2 marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="368 1453 1134 1568">For the correct answer: -2 (With or without working shown)</td> <td data-bbox="1139 1453 1294 1568">2 marks</td> </tr> <tr> <td data-bbox="368 1574 1134 2007"> For the correct answer but missing minus sign and/or with added units: eg 2 or -2 THB OR For the correct calculation of percentage changes in both price and quantity demanded OR For the correct method but the wrong answer </td> <td data-bbox="1139 1574 1294 2007">1 mark</td> </tr> </tbody> </table>	Response	Max 2 marks	For the correct answer: -2 (With or without working shown)	2 marks	For the correct answer but missing minus sign and/or with added units: eg 2 or -2 THB OR For the correct calculation of percentage changes in both price and quantity demanded OR For the correct method but the wrong answer	1 mark	<p>2</p> <p>AO1 = 1 AO2 = 1</p>
Response	Max 2 marks								
For the correct answer: -2 (With or without working shown)	2 marks								
For the correct answer but missing minus sign and/or with added units: eg 2 or -2 THB OR For the correct calculation of percentage changes in both price and quantity demanded OR For the correct method but the wrong answer	1 mark								

Question	Part	Marking guidance	Total marks
11	4	Explain, using a cost and revenue diagram, how a monopoly supplier can earn abnormal profit in the long run.	4 AO1 = 2 AO2 = 2

Level	Marks	Descriptor
2	3–4	<ul style="list-style-type: none"> Shows good knowledge and understanding of how a monopoly supplier can earn abnormal profit in the long run. Includes a relevant diagram that will, at the top of this level, be accurate and used appropriately.
1	1–2	<ul style="list-style-type: none"> Shows some limited knowledge and understanding of how a monopoly supplier can earn abnormal profit in the long run. May include a relevant diagram but the diagram is not used and/or is inaccurate in some respects.
	0	No creditworthy material

Indicative content:

The expected diagram involves a downward-sloping average revenue (AR) curve and a marginal revenue (MR) curve with a gradient approximately twice that of the AR curve. A marginal cost (MC) curve should cross an average cost (AC) curve at its lowest point. The intersection of MC and MR will be marked on the x-axis and a rectangle showing abnormal profit (PABC) will be formed from a vertical extension from that point, with horizontal edges from the points where the AC and AR curves intersect with that line. The y-axis will form the fourth side of the rectangle. The AC and AR intersection points should be identified.



Acceptable labels include:

Vertical axis: Cost/revenue, \$, P,C/R
 Horizontal axis: Quantity, output, Q

An example of an acceptable explanation:

Monopoly suppliers are likely to have price-setting power and so can choose at which output level or price they wish to produce to maximise profits. This will occur at $MC = MR$ (output Q_{max}). Abnormal profits (shown by area PABC) will be possible if the price/average revenue (P) is greater than average costs (C) at this output level. Monopoly markets are likely to have barriers to entry, which will prevent new entrants from easily joining the market, therefore competition will not force the monopolist to reduce price and they can maintain abnormal profits in the long run (the period of time during which all factor inputs are variable).

Credit valid alternative content.

MAXIMUM FOR QUESTION 11: 10 MARKS

Section C
Total for this section: 45 marks

Question	Part	Marking guidance	Total marks
12	1	Extract A shows access to clean drinking water and average incomes in selected Indian states in 2019–2020. Explain how access to clean drinking water may affect average incomes.	4 AO1 = 1 AO2 = 1 AO3 = 2

Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question.

Level	Marks	Descriptor
2	3–4	<ul style="list-style-type: none"> Shows sound knowledge and understanding of relevant economic terminology, concepts and principles. Includes reasonable application of relevant economic principles to support the response. Includes well-focused analysis with a clear, logical chain of reasoning.
1	1–2	<ul style="list-style-type: none"> Shows some limited knowledge and understanding of relevant economic terminology, concepts and principles. May include some application of relevant economic principles to the question. May include some attempted analysis but the analysis is not adequately developed and/or may be confused.
	0	No creditworthy material

Indicative content:

- meaning of average incomes
- understanding that clean drinking water is crucial for human health
- explanation of why access to clean drinking water helps prevent illness and how this allows people to work and earn an income
- explanation of the impact of health on labour productivity
- analysis of the link between labour productivity and marginal revenue product and therefore wages
- how improved labour productivity can lead to economic growth and higher living standards
- understanding that there is an opportunity cost of time spent purifying water, where households could have undertaken paid work.

Note: Some students may support their answer with a diagram, but this is not needed for full marks.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
12	2	To what extent do the data suggest that access to clean drinking water has affected average incomes in Indian states in 2019–2020? Use the data in Extract A to support your answer.	4 AO1 = 1 AO2 = 1 AO4 = 2

Examiners are reminded that AO1, AO2 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question.

Level	Marks	Descriptor
2	3–4	<ul style="list-style-type: none"> Includes sound evidence that indicates the extent to which access to clean drinking water has affected average incomes in Indian states in 2019–2020. Includes a supported judgement concerning the extent to which access to clean drinking water has affected average incomes in Indian states in 2019–2020.
1	1–2	<ul style="list-style-type: none"> Includes some limited evidence that indicates the extent to which access to clean drinking water has affected average incomes in Indian states in 2019–2020. May attempt a judgement concerning the extent to which access to clean drinking water has affected average incomes in Indian states in 2019–2020.
	0	No creditworthy material

Indicative content:

- the three states with the lowest access to clean water (ranging between 77.1% and 86.0%) had three of the lowest four levels of average incomes (from 53 930 rupees to 62 435 rupees)
- the four states with the highest access to clean water had three of the four highest levels of average income
- only two states (Bihar and Meghalaya) had a rank order for income that was more than one place different from their rank order for water access
- one significant exception to any relationship between better access to clean water and higher incomes was Bihar, where 99.2% of the population had access (highest ranking) but average income was lowest at only 30 621 rupees (just 10.1% of the average income in Goa, where access to clean water was 0.7 percentage points lower)
- the range of average incomes was much greater (30 621 rupees to 303 687 rupees) than that for access to clean water (77.1% to 99.2%)
- four states had similar levels of access to clean water (93.5% to 99.2%) but their average incomes displayed a very wide range from 30 621 rupees, through 152 156 and 164 310 up to 303 687 rupees
- many other factors are also likely to influence average income levels such as skill or education levels, economic activity rates and the type or location of businesses
- data was only provided for one year and for a relatively small selection of states and so any relationship seen may not be typical or true for the entire country
- the likely conclusion from the evidence provided is that, on balance, states which had more access to clean water tended to have higher average incomes.

Credit valid alternative content.

MAXIMUM FOR QUESTION 12: 8 MARKS

Question	Part	Marking guidance	Total marks
13		<p>Extract C (lines 14–15) states: ‘The Indian pharmaceutical industry was valued at \$42bn in 2021 and is predicted to increase to \$130bn in 2030.’</p> <p>Explain how firms in the pharmaceutical industry may grow.</p>	<p>12</p> <p>AO1 = 3 AO2 = 3 AO3 = 6</p>

Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question. More weight should therefore be given to AO3 than AO1 and AO2.

Level	Marks	Descriptor
3	9–12	<ul style="list-style-type: none"> Is well organised and develops one or more of the key issues that are relevant to the question. Shows sound knowledge and understanding of relevant economic terminology, concepts and principles. Includes good application of relevant economic principles and/or good use of data to support the response. Includes well-focused analysis with a clear, logical chain of reasoning. May include a relevant diagram that is accurate and used appropriately to support their explanation.
2	5–8	<ul style="list-style-type: none"> Includes one or more issues that are relevant to the question. Shows reasonable knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present. Includes reasonable application of relevant economic principles and/or data to the question. Includes some reasonable analysis but it might not be adequately developed and may be confused in places. May include a relevant diagram to support their explanation.
1	1–4	<ul style="list-style-type: none"> Is very brief and/or lacks coherence. Shows some limited knowledge and understanding of economic terminology, concepts and principles but some errors are likely. Demonstrates very limited ability to apply relevant economic principles and/or data to the question. May include some very limited analysis but the analysis lacks focus and/or becomes confused. May include a diagram but the diagram is likely to be inaccurate in some respects or is inappropriate.
	0	No creditworthy material

Indicative content:

- explanation that the different methods of business growth are internal and external
- explanation of how internal growth may occur within the industry (investment, invention, innovation, entrepreneurship, scientific/academic research etc)
- the importance of factors such as patents and human capital to internal growth within the pharmaceutical industry
- selling successful products globally may support significant internal growth
- how demographic and economic changes may affect the size of the pharmaceutical industry (larger, older populations and rising affluence increase demand) and so create favourable conditions for individual firms to grow
- the availability of finance will influence decisions about how firms can grow and the source of funding will similarly affect growth methods chosen
- meaning and explanation of how horizontal integration may help firms in the pharmaceutical industry to grow
- meaning and explanation of how backward and forward vertical integration may help firms in the pharmaceutical industry to grow
- how firms in the pharmaceutical industry may diversify and grow through conglomerate integration
- the role of partnerships with governments or academic institutions in supporting growth of firms within the sector.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
14		<p>Extract B (lines 12–13) states: ‘privatisation increases efficiency and innovation. This can improve the quality of the good or service provided.’</p> <p>Evaluate the case for and against the privatisation of state-owned enterprises in the pharmaceutical sector.</p>	<p>25</p> <p>AO1 = 4 AO2 = 3 AO3 = 9 AO4 = 9</p>

Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question. More weight should therefore be given to AO4 and AO3 than AO1 and AO2.

Level	Marks	Descriptor
5	21–25	<p>Sound, focused analysis and well-supported evaluation that:</p> <ul style="list-style-type: none"> is well organised, showing sound knowledge and understanding of economic terminology, concepts and principles with few, if any, errors includes good application of relevant economic principles to the given context and, where appropriate, good use of data to support the response includes well-focused analysis with clear, logical chains of reasoning includes supported evaluation throughout the response and in a final conclusion.
4	16–20	<p>Sound, focused analysis and some supported evaluation that:</p> <ul style="list-style-type: none"> is organised, showing sound knowledge and understanding of economic terminology, concepts and principles but some minor errors may be present includes some good application of relevant economic principles to the given context and, where appropriate, some good use of data to support the response includes some well-focused analysis with clear, logical chains of reasoning includes some reasonable, supported evaluation.
3	11–15	<p>Some reasonable analysis but generally unsupported evaluation that:</p> <ul style="list-style-type: none"> focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present includes reasonable application of relevant economic principles to the given context and, where appropriate, some use of data to support the response includes some reasonable analysis but which might not be adequately developed or becomes confused in places includes fairly superficial evaluation; there is likely to be some attempt to make relevant judgements but these aren’t well-supported by arguments and/or data.
2	6–10	<p>A fairly weak response with some understanding that:</p> <ul style="list-style-type: none"> includes some limited knowledge and understanding of economic terminology, concepts and principles is shown but some errors are likely includes some limited application of relevant economic principles to the given context and/or data to the question includes some limited analysis but it may lack focus and/or become confused includes some evaluation which is weak and unsupported.
1	1–5	<p>A very weak response that:</p> <ul style="list-style-type: none"> includes little relevant knowledge and understanding of economic terminology, concepts and principles includes application to the given context which is, at best, very weak includes attempted analysis which is weak and unsupported.
	0	No creditworthy material

Indicative content:

- meaning of privatisation and state-owned enterprise
- explanation of the process of privatisation of state-owned assets
- the role of the profit motive in the private sector
- analysis and evaluation of whether privatisation will lead to:
 - better quality for consumers
 - improved efficiency in its various forms
 - greater investment through retained profits or access to commercial loans
 - improved levels of competition leading to lower prices
 - more positive or negative externalities
 - revenues for government in the short or long term that can be used to improve social welfare
- the ability of government-controlled firms to meet social or other non-financial objectives eg the development, equitable production and distribution of vaccines in relation to public health threats
- analysis of the potential long-term benefits of state ownership compared to the assumed short-term profit maximisation goals of the private sector
- market failure arguments concerning whether privatised firms would focus solely on profitable areas of the market, leaving missing markets for certain pharmaceutical products that are of value to society (focus on long-term treatments for minor conditions versus one-off cures for serious illnesses)
- state-owned enterprises may not receive sufficient funds from the government to finance investment, including spending on R&D
- discussion of the case for the regulation of privatised industries considering the role of profits for long-term R&D in the pharmaceutical industry
- the risk of regulatory capture
- use of data from the extracts to support arguments presented
- an overall assessment of the case for or against the privatisation of state-owned enterprises in the pharmaceutical industry.

The use of relevant diagrams to support the analysis should be taken into account when assessing the quality of the student's response to the question.

Credit valid alternative content.

Section D

Total for this section: 25 marks

Question	Part	Marking guidance	Total marks
15		<p>Türkiye has an important tourism and leisure sector and museums are a valuable part of this industry. Many of them, such as the Topkapi Palace Museum, charge different ticket prices for different customers. Some museums offer free entry to students and local residents, and some change their prices according to the time of year.</p> <p>Assess whether the advantages of price discrimination are greater than the disadvantages in the tourism and leisure sector.</p>	<p>25</p> <p>AO1 = 4 AO2 = 3 AO3 = 9 AO4 = 9</p>

Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question. More weight should therefore be given to AO4 and AO3 than AO1 and AO2.

Level	Marks	Descriptor
5	21–25	<p>Sound, focused analysis and well-supported evaluation that:</p> <ul style="list-style-type: none"> is well organised, showing sound knowledge and understanding of economic terminology, concepts and principles with few, if any, errors includes good application of relevant economic principles to the given context and, where appropriate, good use of data to support the response includes well-focused analysis with clear, logical chains of reasoning includes supported evaluation throughout the response and in a final conclusion.
4	16–20	<p>Sound, focused analysis and some supported evaluation that:</p> <ul style="list-style-type: none"> is organised, showing sound knowledge and understanding of economic terminology, concepts and principles but some minor errors may be present includes some good application of relevant economic principles to the given context and, where appropriate, some good use of data to support the response includes some well-focused analysis with clear, logical chains of reasoning includes some reasonable, supported evaluation.
3	11–15	<p>Some reasonable analysis but generally unsupported evaluation that:</p> <ul style="list-style-type: none"> focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present includes reasonable application of relevant economic principles to the given context and, where appropriate, some use of data to support the response includes some reasonable analysis but which might not be adequately developed or becomes confused in places includes fairly superficial evaluation; there is likely to be some attempt to make relevant judgements but these aren't well-supported by arguments and/or data.
2	6–10	<p>A fairly weak response with some understanding that:</p> <ul style="list-style-type: none"> includes some limited knowledge and understanding of economic terminology, concepts and principles is shown but some errors are likely includes some limited application of relevant economic principles to the given context and/or data to the question includes some limited analysis but it may lack focus and/or become confused includes some evaluation which is weak and unsupported.

1	1–5	<p>A very weak response that:</p> <ul style="list-style-type: none"> • includes little relevant knowledge and understanding of economic terminology, concepts and principles • includes application to the given context which is, at best, very weak • includes attempted analysis which is weak and unsupported.
	0	No creditworthy material

Indicative content:

- meaning of price discrimination
- explanation of how price discrimination can be used by firms within the tourism and leisure sector
- discussion of the conditions necessary for price discrimination to be successful in different tourism and leisure contexts
- analysis of the advantages of price discrimination to firms, including access to a wider range of consumers, ability to manage demand against available supply, economies of scale, spreading fixed costs over a larger range of output, higher total revenue and profit
- discussion of the advantages of price discrimination to consumers and other economic agents including wider access to tourism, lower levels of crowding at popular times, greater consumption of certain merit goods
- analysis of the disadvantages of price discrimination such as higher prices, reductions in consumer surplus, higher administration costs and scope for firms to reduce competitiveness of markets
- analysis of whether the ownership of the firm affects the appropriateness of price discrimination (private firms for profits, other organisations for social objectives, etc)
- evaluation of the relative merits of different ways to divide a market (timing, season, age, occupation, nationality, residential status, etc)
- consideration of whether price discrimination may be appropriate in the provision of certain merit goods, such as museums, sports or recreation facilities
- evaluation of the extent to which the advantages of price discrimination to one economic agent may outweigh the disadvantages to another agent or group
- an overall assessment of whether the advantages of price discrimination are greater than the disadvantages in the tourism and leisure sector.

The use of relevant diagrams to support the analysis should be taken into account when assessing the quality of the student’s response to the question.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
16		<p>In 2020, the Indonesian Government introduced a new law designed to improve the functioning of labour markets and make them more competitive. Trade unions argued against this law, saying it would remove the minimum wage and reduce workers' rights to employment protection and benefits.</p> <p>Assess whether trade unions improve the way that labour markets work.</p>	<p>25</p> <p>AO1 = 4 AO2 = 3 AO3 = 9 AO4 = 9</p>

Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question. More weight should therefore be given to AO4 and AO3 than AO1 and AO2.

Level	Marks	Descriptor
5	21–25	<p>Sound, focused analysis and well-supported evaluation that:</p> <ul style="list-style-type: none"> • is well organised, showing sound knowledge and understanding of economic terminology, concepts and principles with few, if any, errors • includes good application of relevant economic principles to the given context and, where appropriate, good use of data to support the response • includes well-focused analysis with clear, logical chains of reasoning • includes supported evaluation throughout the response and in a final conclusion.
4	16–20	<p>Sound, focused analysis and some supported evaluation that:</p> <ul style="list-style-type: none"> • is organised, showing sound knowledge and understanding of economic terminology, concepts and principles but some minor errors may be present • includes some good application of relevant economic principles to the given context and, where appropriate, some good use of data to support the response • includes some well-focused analysis with clear, logical chains of reasoning • includes some reasonable, supported evaluation.
3	11–15	<p>Some reasonable analysis but generally unsupported evaluation that:</p> <ul style="list-style-type: none"> • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present • includes reasonable application of relevant economic principles to the given context and, where appropriate, some use of data to support the response • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes fairly superficial evaluation; there is likely to be some attempt to make relevant judgements but these aren't well-supported by arguments and/or data.
2	6–10	<p>A fairly weak response with some understanding that:</p> <ul style="list-style-type: none"> • includes some limited knowledge and understanding of economic terminology, concepts and principles is shown but some errors are likely • includes some limited application of relevant economic principles to the given context and/or data to the question • includes some limited analysis but it may lack focus and/or become confused • includes some evaluation which is weak and unsupported.

1	1–5	<p>A very weak response that:</p> <ul style="list-style-type: none"> • includes little relevant knowledge and understanding of economic terminology, concepts and principles • includes application to the given context which is, at best, very weak • includes attempted analysis which is weak and unsupported.
	0	No creditworthy material

Indicative content:

- meanings of trade union and labour market
- how trade unions operate to support the interests of workers
- the distinction between perfect and imperfect labour markets
- analysis and evaluation of the impact of trade unions on wages and employment in both types of labour market
- monopsony power within labour markets: causes and the impacts on how labour markets operate
- analysis of the positive impacts of trade unions could include:
 - encouraging increased supply of labour into industries
 - improving working conditions so promoting worker welfare
 - increased wage rates influencing productivity
 - improved labour-management communication
 - more effective decision making due to consideration of wider range of stakeholder impacts
 - wider positive economic impacts such as reduced income or wealth inequality
 - wider positive social impacts such as support for disadvantaged groups in workplaces and society
- analysis of the negative impacts of trade unions could include:
 - restricting the supply of labour in certain occupations
 - lack of competitiveness due to higher wage rates
 - loss of productivity due to labour disputes
 - higher wage rates and impact on profits, dynamic efficiency, prices and inflation
 - lack of flexibility in adapting to changing product or labour market conditions and impact on competitiveness
 - costs of dealing with trade unions adding to cost of production
 - difficulties introducing efficient working practices
- discussion of the role of government in regulating, mediating or dealing with trade unions and impact on labour markets
- consideration of trade union density, number of unions or other factors influencing bargaining power and impact on labour market efficiency
- knowledge of different situations, experience and priorities within particular economies or industries
- evaluation of how the nature of the relationship between unions and employers may affect the way that labour markets work
- evaluation of how the nature of the labour market can affect whether trade unions improve the way that labour markets work
- an overall assessment of whether trade unions improve the way that labour markets work.

The use of relevant diagrams to support the analysis should be taken into account when assessing the quality of the student's response to the question.

Credit valid alternative content.

Assessment Objectives Grid

	AO1	AO2	AO3	AO4	Total
Section A					
01	1				1
02		1			1
03		1			1
04		1			1
05		1			1
06	1				1
07	1				1
08		1			1
09			1		1
10	1				1
Section B					
11.1	2				2
11.2	1	1			2
11.3	1	1			2
11.4	2	2			4
Section C					
12.1	1	1	2		4
12.2	1	1		2	4
13	3	3	6		12
14	4	3	9	9	25
Section D					
15 and 16	4	3	9	9	25
Unit total	23	20	27	20	90