6	**QS4**: Construct and interpret a range of standard graphical forms **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is C** **A** is not correct because Y is unobtainable using current resources **B** is not correct because the opportunity cost is in terms of capital goods **D** is not correct because the movement from X to W results in a decrease in efficiency/unemployment	**(1)**

3	**QS8**: Make calculations of elasticity and interpret the result **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is B** **A** is not correct because complements have a negative XED **C** is not correct because unrelated goods have an XED of 0 **D** is not correct because there is no information on income	**(1)**

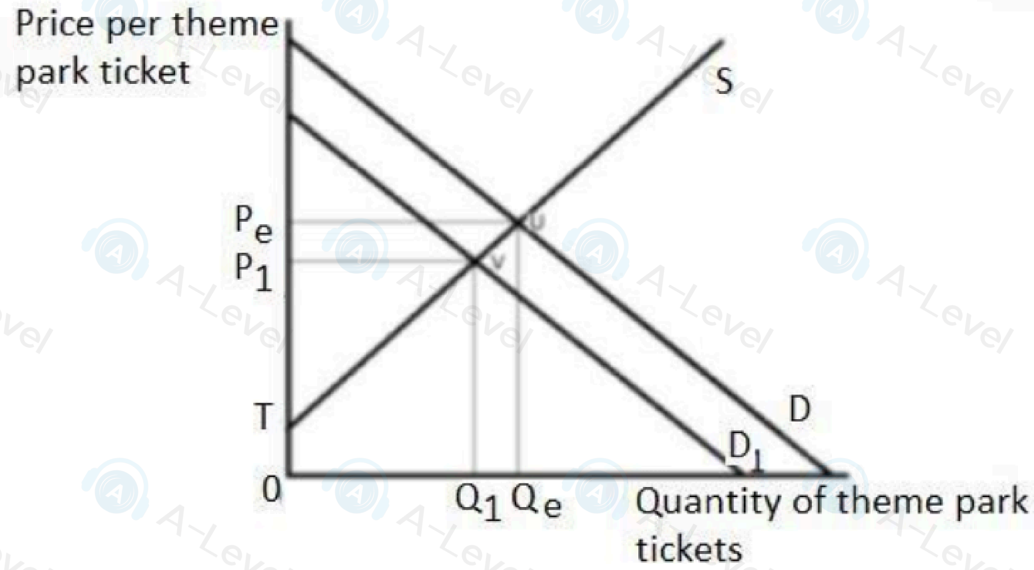
5	**QS4**: Construct and interpret a range of standard graphical forms **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is C** **A** is not correct because this movement would result in a decrease in unemployment **B** is not correct because this movement would mean that fewer consumer goods would be produced **D** is not correct because point H is unattainable	**(1)**

1	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is B** **A** is not correct because this is an advantage of a free market economy **C** is not correct because a free market economy does not have government intervention **D** is not correct because a free market economy is likely to result in an unequal distribution of income	**(1)**

Question	Quantitative skills assessed	Answer	Mark
1	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is B** **A** is not correct because resources are finite **C** is not correct because wants are unlimited and resources are finite **D** is not correct because wants are unlimited	**(1)**
6	**QS8**: Make calculations of elasticity and interpret the result	A	**(1)**

Question	With reference to the information provided, explain the difference between private benefits and external benefits. **Answer**	Mark
9	**Knowledge 2, Application 2** Quantitative skills assessed: **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge** 1 mark for understanding of 'private benefits' • Private benefits are benefits/positive impacts on the buyer or seller/first/second party **(1)** 1 mark for understanding of 'external benefits' • External benefits are benefits/positive impacts on third parties/positive spillovers/ MSB > MPB **(1)** **Application** 1 mark for reference to private benefits in stem • Benefits to her neighbour, Tania, of earning revenue through selling honey/ • Benefits to Emiliana of earning revenue through selling sunflower seeds **(1)** 1 mark for reference to external benefits in stem • Emiliana's production increased from 300kg of sunflower seeds to 620kg of sunflower seeds/ • The honey bees help pollinate Emiliana's sunflowers increasing her output **(1)**	**(4)**

Question	With reference to the table, explain the difference between 'capital goods' and 'consumer goods'. **Answer**	Mark
8	**Knowledge 2, Application 2** Quantitative skills assessed: **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **QS2:** Calculate, use and understand percentages, percentage changes and percentage point changes. **Knowledge** 1 mark for defining 'capital goods' • Capital goods are man-made aids to production/goods used in the production of other goods/examples such as machinery/tools, buildings **(1)** 1 mark for defining 'consumer goods' • Consumer goods sold to individuals to satisfy their wants and needs **(1)** **Application** 1 mark for applying explicitly to the data in the table linked to capital goods e.g.: • Sales of capital goods declined 6.5% in April compared to March/ sales of capital goods grew 2.3% in May 2020 compared to April 2020 **(1)** 1 mark for applying to the data in the table linked to consumer goods e.g.: • Sales of consumer goods declined 14.7% in April compared to March/ sales of capital goods grew 17.7% in May 2020 compared to April 2020 **(1)**	**(4)**

Question	*Ceteris paribus*, explain the likely impact of this decrease in visitor numbers on the producer surplus for Legoland. **Answer**	Mark
11	**Knowledge 1, Application 1, Analysis 2** Quantitative skills assessed: **QS4**: Construct and interpret a range of standard graphical forms **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge** • 1 mark for definition of producer surplus e.g.: Producer surplus – the difference between the price charged and the price the firm is willing to sell at/above the supply line and below the equilibrium price **(1)** **Application** 1 mark for shifting demand to the left **(1)**  **Analysis** Up to 2 marks for showing the change in producer surplus Original producer surplus decreased from P_eUT **(1)** to P_1VT **(1)** **Or** Producer surplus decreases **(1)** by P_eP_1VU **(1)** Shaded reduction in producer surplus **(1)**	**(4)**

Question	Explain **one** microeconomic reason why people might have unnecessary operations in the USA. **Answer**	**Mark**
9	**Knowledge 1, Application 1, Analysis 2** Quantitative skills assessed: **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge** 1 mark for understanding e.g.: • Asymmetric information- where one economic agent has more information than another/ where the producer has more information than the consumer **Or** • Information gap- where information is not available to the consumer **Application** 1 mark for applying to unnecessary operations e.g.: • $200 billion per year spent on unnecessary operations **(1AP)** **Analysis** up to 2 marks for linked expansion • Doctors use their superior knowledge **(1AN)** to recommend surgeries/operations that the patient may not need **(1AN)** • Consumers are not aware of whether they need the operations **(1AN)** as they do not have medical training **(1AN)** • The private health insurance model in the USA provides an incentive to complete unnecessary operations **(1AN)** as it is an insurance company, not the patient who will pay/ which will increase revenue for the health provider **(1AN)** • Consumers may be more willing to have operations **(1AN)** as their insurance provider is paying **(1AN)** **NB moral hazard is a reason for people taking more risks leading to more operations and not more unnecessary operations**	**(4)**

Question	With reference to hotel breakfasts, explain why the above information illustrates 'diminishing marginal utility'. **Answer**	Mark
8	**Knowledge 1, Application 1, Analysis 2** Quantitative skills assessed: **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge** 1 mark for understanding of 'diminishing marginal utility' • Where an additional unit of consumption leads to a smaller increase in utility/ where the marginal utility decreases/total utility increases but at a slower rate **(1)** **Application** 1 mark for reference to data • 80% of hotel guests go to the buffet three times **/** Only 10% visit five times **(1)** **Analysis** Up to 2 marks for analysis e.g. • 90% of hotel guests are satiated/full after consuming the 4th bowl/plate of food **(1)** so do not consume the 5th bowl/plate **(1)** • The last bowl/plate of food consumed increases total utility **(1)** but the gain in utility is smaller than for the last bowl **(1)**	**(4)**

Question	The division of labour applies to many types of production and occupation, including: • in the textile industry, workers are responsible for specific parts of the production process • in healthcare, workers have different roles including doctors, nurses, cleaners and administrators. Evaluate the advantages of the division of labour for businesses **and** workers. Refer to an industry of your choice in your answer. **Indicative content**
14	**Quantitative skills assessed** **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, application and analysis (12 marks) – indicative content** • Division of labour-breaking down production into tasks and each task is completed by a different worker • In textile production, one worker might focus on cutting, sewing, dyeing, packaging - enabling them to become experts at that job • In healthcare: ○ doctors performing specialist operations ○ nurses providing personal care ○ cleaners ensuring safe and secure environment ○ administrators completing paperwork • Firms that use the division of labour will find output increases as workers specialise in different jobs • The productivity improves as output per worker rises because workers do not need to keep changing tasks • With rising output per worker on the same pay costs to make each product will fall • More efficiency as less resources/time are wasted • With lower costs per unit the firms may be able to charge a lower price/ generate higher profit per sale • Some tasks can be simplified such that a machine can do the job- this automation may result in reduced labour costs • Workers need to be trained on fewer tasks, reducing the time spent on training and therefore reducing cost of training • Healthcare workers can train in a more specialised area/for more hours so can develop expertise and become more skilled • Workers can focus on jobs that best fit their abilities, thereby making them more productive and employable • As workers become more expert in that one task, they can demand higher salaries/wages e.g. cardiologists, paediatricians, surgeons **N.B. Award a maximum of level 3 if there is not reference to both business and workers**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
Level 2	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
Level 3	7–9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 4	10–12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context, using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.
	Evaluation (8 marks) – indicative content • If workers are highly specialised, this may result in the job being monotonous, boring and repetitive • The boring and repetitive nature of the job may result in low labour morale • Workers will find it difficult to move to other jobs as they are specialised in only one task • If workers are replaced by machines then unemployment may result • With monotony/boredom/low morale productivity is likely to fall • Workers may leave the business resulting in a need for employers to spend more on recruiting and training new staff • If workers lose the motivation to concentrate and do a good job, mistakes may creep in lowering quality • An assembly line could grind to a halt if there is a blockage in one particular area if tasks are interdependent • Industrial action by one group of workers may negatively impact other tasks in the production process • Different impact will be felt by different industries	

Level	Mark	Descriptor
	0	No rewardable material.

Level 1	1–3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	7–8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.