GCSE
ECONOMICS
8136/1

Paper 1 How markets work

Mark scheme

June 2020

Version: 1.0 Final Mark Scheme

206G8136/1/MS

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 – (Money)	**6**	D – (The money that could have been spent on advertising)
2	D – (A rise in the price of fish)	**7**	B – (+15.0%)
3	A – (Builder)	**8**	B – (A large number of buyers and a single seller of a service)
4	C – (there is no excess demand or excess supply)	**9**	C – (People not taking enough exercise)
5	A – (Diagram A)	**10**	C – (Output per worker per hour)

Qu	Part	Marking guidance	Total marks
11		State **two** deductions from a worker's gross pay	2
		AO1 = 2 1 mark for each correct deduction (max 2) **Possible answers:** • Income tax • National insurance • Pension contributions • Student loan repayments	

<table>
<tr><th>Qu</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>12</td><td></td><td>Explain what is meant by the basic economic problem</td><td>2</td></tr>
<tr><td></td><td></td><td>AO1 = 2

<table><tr><th>Marks</th><th>Description</th></tr><tr><td>2</td><td>Basic explanation plus development</td></tr><tr><td>1</td><td>Basic explanation</td></tr><tr><td>0</td><td>Nothing written worthy of credit</td></tr></table>
Possible answers:

• Scarce resources and unlimited wants
• Choices must be made in the allocation of resources

Note: This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.</td><td></td></tr>
</table>

<table>
<tr><th>Qu</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>13</td><td></td><td>The price elasticity of demand for a brand of jeans is –0.5. Explain what this value means</td><td>2</td></tr>
<tr><td></td><td></td><td>AO1 = 2

<table><tr><th>Marks</th><th>Description</th></tr><tr><td>2</td><td>Explains the significance of price inelastic demand</td></tr><tr><td>1</td><td>Identifies that demand is price inelastic</td></tr><tr><td>0</td><td>Nothing written worthy of credit</td></tr></table>
Possible answers:

• Demand is price inelastic
• As price increases or decreases, quantity demanded changes by a smaller percentage
• As the price of the jeans increases, overall revenue will increase
• As the price of the jeans decreases, overall revenue will decrease
• As price increases, quantity demanded decreases

Note: This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.</td><td></td></tr>
</table>

Qu	Part	Marking guidance	Total marks
14	1	Using **Figure 1**, calculate the annual private costs to the furniture delivery firm.	2
		AO2 = 2 Private cost = social costs £280,000 – external costs £75,000 (1 mark) = £205,000 (1 mark) Answer: £205,000 Award 2 marks for correct answer with no workings. Award 1 mark if: • Correct method with correct figures but wrong answer	

Qu	Part	Marking guidance	Total marks
14	2	Explain **one** possible external cost created by the furniture delivery firm.	2
		AO1 = 2 **Marks** / **Description** 2 – Possible external cost explained 1 – Possible external cost identified 0 – Nothing written worthy of credit **Possible answers:** • Air pollution • Traffic congestion • Noise pollution **Note:** This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.	

<table>
<tr><th>Qu</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>15</td><td></td><td>Using Figure 2, analyse possible impacts of falling oil prices on the motor vehicles market.</td><td>6</td></tr>
<tr><td></td><td></td><td>AO2 = 2, AO3 = 4

<table>
<tr><th>Level</th><th>Marks</th><th>Description</th></tr>
<tr><td>3</td><td>5–6</td><td>A full analysis of the economic evidence, a well-developed and logical chain of reasoning.</td></tr>
<tr><td>2</td><td>3–4</td><td>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.</td></tr>
<tr><td>1</td><td>1–2</td><td>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.</td></tr>
<tr><td></td><td>0</td><td>Nothing written worthy of credit.</td></tr>
</table>

Indicative content:

• Cheaper costs of motoring (complementary good) leading to increased demand
• Cheaper transportation costs of raw materials and finished goods for motor manufacturers
• Cheaper plastics for manufacturers
• Could indicate falling demand for vehicles
• Could indicate falling demand for petrol-fuelled cars
• May indicate increased demand for alternative fuels eg electric cars
• If falling demand for vehicles, manufacturers may have to cut costs, eg by making redundancies
• Other relevant responses by motor vehicle manufacturers, eg price cutting, investment into cars powered by alternative fuels
• Use of relevant supply and/or demand diagrams

Note: This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.</td><td></td></tr>
</table>

Qu	Part	Marking guidance	Total marks
16		State **two** factors that affect price elasticity of supply.	2
		AO1 = 2 **Possible answers:** • Spare capacity • Available stocks • Feasibility of storing the product • Time period 1 mark for each factor.	

Qu	Part	Marking guidance	Total marks
17		Explain **one** reason why a professional footballer might earn more than a bus driver.	2
		AO1 = 2 **Marks** / **Description** 2 / Relevant reason explained 1 / Relevant reason identified 0 / Nothing written worthy of credit. **Possible answers:** • Footballer's skills are more specialised than a bus driver's. • Bus driver is more easy to replace than a footballer. • Value of a footballer's services/skills higher than those of a bus driver • Injury could halt a career of footballer, so high earnings needed to compensate. **Note:** This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.	

<table>
<tr><th>Qu</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>18</td><td></td><td>Explain one role of a market</td><td>2</td></tr>
<tr><td></td><td></td><td>AO1 = 2

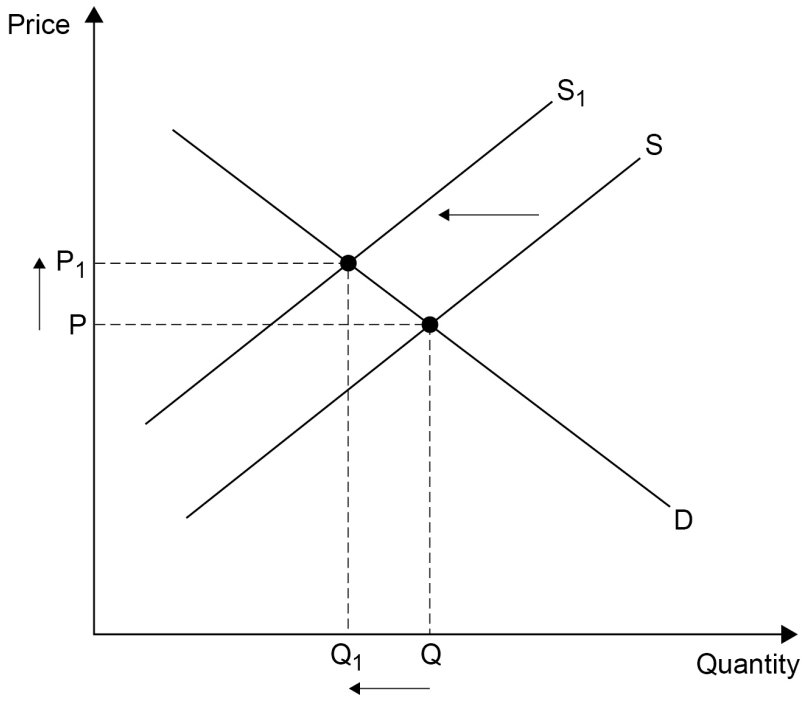
<table><tr><th>Marks</th><th>Description</th></tr><tr><td>2</td><td>Role of a market explained</td></tr><tr><td>1</td><td>Role of a market identified</td></tr><tr><td>0</td><td>Nothing written worthy of credit.</td></tr></table>
Possible answers:

• Opportunity for buyers and sellers to interact
• Allocating scarce resources

Note: This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.</td><td></td></tr>
</table>

Qu	Part	Marking guidance	Total marks
19	1	Using **Figure 3**, calculate the percentage increase in the average UK house price between December 2010 and December 2018. Give your answer to one decimal place.	2
		AO2 = 2 61,927/168,703 x 100 (1) = 36.7 (1) Answer = 36.7% 2 marks for correct answer without working shown. 1 mark for answer between 36% and 37% inclusive (ie rounding issue). 1 mark for 26.9% (dividing by new figure rather than original).	

Qu	Part	Marking guidance	Total marks
19	2	Explain **one** possible reason for the increase in the average UK house price between December 2010 and December 2018.	2
		AO1 = 2 **Marks** / **Description** 2 – Possible reason explained 1 – Possible reason identified 0 – Nothing written worthy of credit. **Possible answers:** • Increased demand, driven by eg increased incomes, increased population size or other relevant demographic change • Supply constraints, eg due to a lack of building • Speculation • Buying of second homes by the wealthy **Note:** This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.	

Qu	Part	Marking guidance	Total marks
20		Draw and label a supply and demand diagram to show the effects of bad weather on the equilibrium price and quantity of coffee beans.	3
		AO2 = 3 marks  Correct drawing of original S and D curves (1 mark) Correct drawing and labelling of the new S curve to the left of the original (1 mark) Correct labelling of new equilibrium price, higher than the original and new equilibrium quantity, lower than the original (1 mark) No marks for a shift in demand, even if labelled supply	

<table>
<tr><th>Qu</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>21</td><td></td><td>Using Figure 4, assess whether the costs to Jennifer specialising in a particular job outweigh the benefits.</td><td>9</td></tr>
<tr><td></td><td></td><td>AO2 = 3, AO3 = 6
<table>
<tr><th>Level</th><th>Marks</th><th>Description</th></tr>
<tr><td>3</td><td>7–9</td><td>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.</td></tr>
<tr><td>2</td><td>4–6</td><td>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.</td></tr>
<tr><td>1</td><td>1–3</td><td>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.</td></tr>
<tr><td></td><td>0</td><td>Nothing written worthy of credit.</td></tr>
</table>
Indicative content:

Costs

• Over-specialisation – may lack the skills for other jobs
• Boredom – job may become repetitive and lead to demotivation
• Occupational immobility – if patterns of demand change, workers may find it difficult to get another job because they lack the necessary skills/experience
• Risk of replacement by automation

Benefits

• Specialisation may lead to increased productivity
• May lead to increased skill level via repetition and gaining knowledge – can command higher wages</td><td></td></tr>
</table>

		• May increase job satisfaction if workers specialise in what they are best at and enjoy most • Increased living standards Possible issues for evaluation include: • Prioritisation of the effects discussed • Extent to which costs outweigh benefits, or vice-versa • Depends on nature of job, level of skill involved etc. **Note:** This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.	

Qu	Part	Marking guidance	Total marks
22		Define 'market structure'.	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. **Possible answers:** • The features of a market that affect the behaviour and performance of firms (2 marks) • The ways in which firms compete in a market (1 mark) • The number of firms in a market (1 mark) • Example, eg monopoly (1 mark)	

Qu	Part	Marking guidance	Total marks
23		Using **Figure 5**, calculate the change in the market share of supermarket retailers in the UK toys and games market between 2007 and 2017. Give your answer to **one** decimal place.	3
		AO2 = 3 2007: Market share = 696/2303 x 100 = 30.2% (1 mark) 2017: Market share = 1216/3550 x 100 = 34.3% (1 mark) Change in market share = **4.1%** (1 mark) Also allow 13.6% (1 mark) ie (34.3% – 30.2%)/30.2% x 100 = 13.6% Award 3 marks for correct answer with no workings. Accept 4.0% and 4.2%.	

Qu	Part	Marking guidance	Total marks
24		Explain **two** possible economies of scale that a large toy retailer such as Amazon may benefit from.	6
		AO2 = 6 Apply the following mark scheme for each economy of scale.	

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 answers:

- Technical economies of scale.
- Financial economies of scale.
- Purchasing economies of scale
- Marketing economies of scale.
- Managerial economies of scale
- Risk-bearing economies of scale

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

<table>
<tr><th>Qu</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>25</td><td></td><td>Using Item A, analyse how consumers might be affected by the changing structure of the UK toys and games market.</td><td>6</td></tr>
<tr><td></td><td></td><td>AO2 = 2, AO3 = 4

<table>
<tr><th>Level</th><th>Marks</th><th>Description</th></tr>
<tr><td>3</td><td>5–6</td><td>A full analysis of the economic evidence, a well-developed and logical chain of reasoning.</td></tr>
<tr><td>2</td><td>3–4</td><td>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.</td></tr>
<tr><td>1</td><td>1–2</td><td>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.</td></tr>
<tr><td></td><td>0</td><td>Nothing written worthy of credit.</td></tr>
</table>

Possible answers:

• Higher price/lower price
• Lower output/higher output
• Poorer quality/better quality
• Less choice/more choice

Note: This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.</td><td></td></tr>
</table>

<table>
<tr><th>Qu</th><th>Part</th><th>Marking guidance</th><th>Total marks</th></tr>
<tr><td>26</td><td></td><td>Do you think the UK government should intervene to increase competition in the UK toys and games market?

Use Item A and Figure 5 and your own economic knowledge to justify your view.</td><td>15</td></tr>
<tr><td></td><td></td><td>AO2 = 5, AO3 = 10

<table>
<tr><th>Level</th><th>Marks</th><th>Description</th></tr>
<tr><td>5</td><td>13–15</td><td>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.</td></tr>
<tr><td>4</td><td>10–12</td><td>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.</td></tr>
<tr><td>3</td><td>7–9</td><td>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.</td></tr>
<tr><td>2</td><td>4–6</td><td>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.</td></tr>
<tr><td>1</td><td>1–3</td><td>Evaluative judgements are simple with no conclusion present.</td></tr>
</table>
</td><td></td></tr>
</table>

		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:

- Explanation(s) of issues concerning a lack of competition in the UK toys and games market
- Reference to **Figure 5**, eg changing market share(s) over time
- Consumers may be exploited in terms of high prices and low quality
- Consumers may still get low prices and wide choice
- Firms may compete intensively despite being fewer in number
- Debate about 'best' method(s) of intervention

Possible issues for evaluation include:

- Depends on the extent to which consumers are exploited
- Depends upon which method(s) of intervention are chosen
- Government should intervene to prevent misallocation of resources
- Government intervention may cost money – costs of intervention may outweigh the benefits
- Government may make the problem worse, or create different problems

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