GCSE
ECONOMICS
8136/1

Paper 1 How markets work

Mark scheme

June 2021

Version: 1.0 Final Mark Scheme

216G8136/1/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.

Further copies of this mark scheme are available from aqa.org.uk

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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.	

<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 one factor that might shift the demand curve for foreign holidays to the right.</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>Possible factor explained</td></tr><tr><td>1</td><td>Possible factor identified</td></tr><tr><td>0</td><td>Nothing written worthy of credit</td></tr></table>
Possible answers:

• Increased incomes (1) meaning consumers can now afford to spend more money on luxuries such as foreign holidays (2).
• Increased population.
• Increased price of domestic holidays (substitutes).
• Reduced price of airport parking, flights (complements).
• Change in tastes, fashions, popularity, advertising.

Do not allow a change in the price of foreign holidays.

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>Explain one way the main economic groups may interact with each other.</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>Possible way explained</td></tr><tr><td>1</td><td>Possible way identified</td></tr><tr><td>0</td><td>Nothing written worthy of credit</td></tr></table>
Possible answers:

• Consumers (1) buying products from businesses (or businesses selling to consumers) (2).
• Government receiving tax from businesses.
• Government regulating businesses.
• Consumers (as workers) paying income tax to government.

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 **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.	

Qu	Part	Marking guidance	Total marks
14	2	Explain **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 **Possible answers:** • Available stocks (1) eg with more flour available this allows more items to be made quickly (2). • Capacity. • Availability of factors of production. • Time period. **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 the possible impacts upon the labour market of changes in the relative sizes of the economic sectors in the UK.</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:

• Falling proportional size of primary and secondary sectors (L1) leading to reduced demand for eg jobs in farming and manufacturing (L2) and so reduced wages and reduced number of workers employed in these occupations (L3).
• Identifying growing size of tertiary sector.
• Reduced demand for certain primary/secondary sector jobs/skills.
• Increased demand for certain tertiary sector jobs/skills.
• Reduced wages and quantity of workers employed in primary/secondary sectors.
• Increased wages and quantity of workers employed in tertiary sector.
• Retraining costs.

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** possible diseconomies of scale to a firm when it grows in size.	2
		AO1 = 2 1 mark for each correct diseconomy (max 2) **Possible answers:** • Rising costs. • Difficulties in managing larger firm. • Communication problems. • Reduced worker motivation.	

Qu	Part	Marking guidance	Total marks
17		Explain why individuals must make economic choices.	2
		AO1 = 2 **Marks** / **Description** **2** – Reason explained **1** – Reason identified **0** – Nothing written worthy of credit. **Possible answers:** • Individuals have unlimited wants (1) but limited funds to buy needs and wants (2). • Individuals cannot afford everything they might want. • Must satisfy needs before satisfying wants. • Limited time to do everything they want. **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 ethical issue that may result from producers seeking to earn very high profits.</td><td>2</td></tr>
<tr><td></td><td></td><td>AO1 = 2

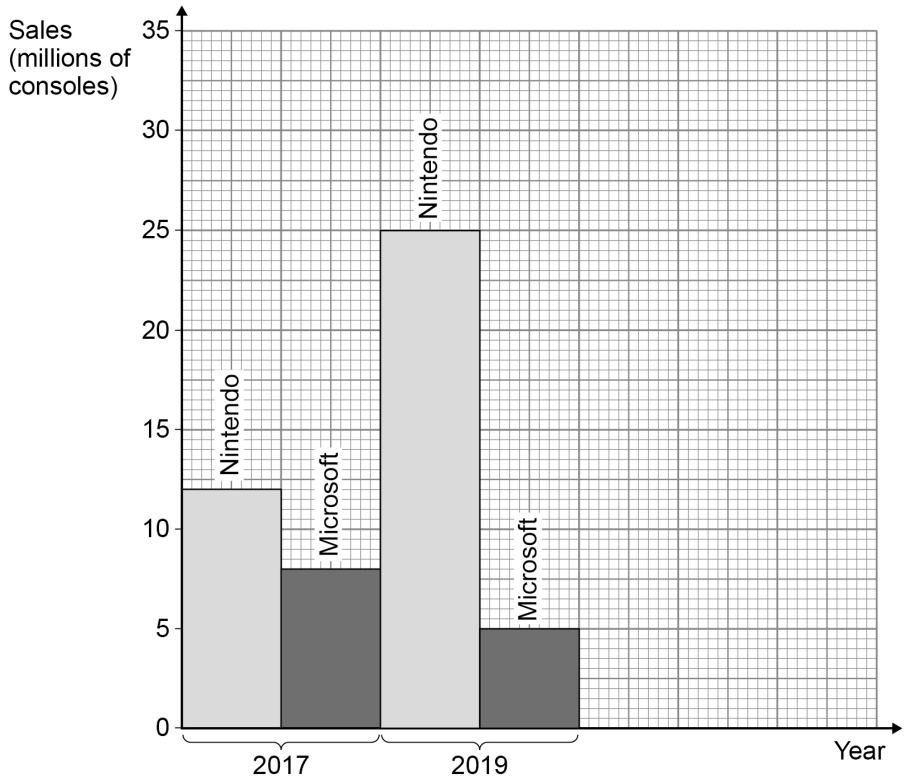
<table><tr><th>Marks</th><th>Description</th></tr><tr><td>2</td><td>Issue explained</td></tr><tr><td>1</td><td>Issue identified</td></tr><tr><td>0</td><td>Nothing written worthy of credit</td></tr></table>
Possible answers:

• Producers may restrict consumer choice (1) leading to reduced satisfaction (2).
• Producers may collude.
• Producers may reduce quality.
• Producers may cut corners on health and safety.
• Producers may exploit worker and suppliers.
• 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.

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 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 **one** possible reason why the restaurant may wish to reduce the price of its pizzas.	2
		AO1 = 2 **Marks** / **Description** **2** – Possible reason explained **1** – Possible reason identified **0** – Nothing written worthy of credit. **Possible answers:** • Increased quantity demanded (1) if pizzas are price elastic (2). • Increased revenue, eg cutting price to £6 gives revenue of £360. • Increased share of local market. • Reduce competition. • Increased sales may reduce average costs. **Note:** This indicative content is not exhaustive, other creditworthy responses should be awarded marks as appropriate.	

Qu	Part	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.	3
		AO2 = 3 marks  • 1 mark for both axes fully labelled and appropriate scale. • Maximum of 2 marks for bars with correct heights as: o 1 mark for all bars for any one manufacturer fully correct. o 2 marks for all bars for both manufacturers fully correct **Note:** Allow different layout or order of bars eg composite bar chart.	

<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 the costs and benefits to consumers of having a market dominated by a small number of firms.</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

• Higher prices, eg supermarkets working together to increase prices of milk and cheese.
• Lower quality, eg poor customer service from high street banks.
• Consumer exploitation.
• Less innovation.

Benefits

• Economies of scale may lead to lower costs and prices.
• May employ large numbers of workers, boosting consumers' incomes.</td><td></td></tr>
</table>

		• 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	Total marks
22		Define the 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. **Possible answers:** • Misallocation of resources. • Free market fails to achieve an efficient allocation of resources. • Over or under-production of a good or service. • Examples 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
		AO2 = 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	Total marks
24		Explain **two** methods the UK Government could use to correct the market failure associated with global warming.	6

AO2 = 6

Apply grid 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 answers:

- The government could use an indirect tax (1), eg on motoring or flights which would cause the price to be higher (2) and so reduce the quantity of journeys made (3).
- Subsidies, eg for public transport or green technology.
- Regulation, eg on factory emissions or business use of fossil fuels.
- Correcting information failure, eg public service broadcasts, or school education.

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>Analyse the possible external costs to the global economy that might result from global warming.</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:

• One external cost could be more extreme weather (L1). This leads to damage to property, infrastructure and people (L2) who may not have contributed to climate change in the first place (L3).
• Rising sea levels – loss of land, increased risk of flooding.
• Increased desertification – loss of farmland, loss of habitat and livelihoods for farmers.

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 do more to correct the market failure associated with global warming?

Use Items A and B 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:

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.