

A-level Economics

Paper 3
Mark scheme

7136/3
June 2015

Version/0.2: Specimen Mark Scheme – Second set

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 candidates' 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 candidates' 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 Assessment Writer.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of candidates' 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

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. i.e. 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.

Examiners are required to assign each of the candidates' 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 (see page 11) and be careful not to over/under credit a particular skill. For example, in question 33 more weight should be given to AO4 than to AO1, AO2 and AO3. This will be exemplified and reinforced as part of examiner training and standardisation.

SECTION A

The following list indicates the correct answers used in marking the candidates' responses.

KEY LIST

1	D	16	B
2	D	17	D
3	A	18	C
4	C	19	A
5	C	20	D
6	D	21	D
7	B	22	B
8	B	23	A
9	C	24	B
10	B	25	C
11	C	26	A
12	B	27	A
13	D	28	D
14	C	29	D
15	C	30	D

SECTION B

INVESTIGATION

Total for this Investigation: 50 marks

[31] *To what extent, if at all, do the data suggest that the level at which the NMW is set in the UK is damaging to the international competitiveness of the UK economy? You must use the data in Extract C to support your answer.*

[10 marks]

Level of response	Response	Max 10 marks
3	<p>A good response</p> <ul style="list-style-type: none"> • is well organised and includes at least three relevant, well-developed issues • makes effective use of the numerical/statistical data in Extract C • shows some appreciation of the limitations of the data • includes a supported final judgement concerning the extent to which the NMW affects the international competitiveness of the UK economy 	8 - 10 marks
2	<p>A reasonable response</p> <ul style="list-style-type: none"> • is fairly well organised and includes at least two relevant and fairly well-developed issues • includes some satisfactory use of the numerical/statistical data in Extract C • may show some limited appreciation of the limitations of the data • at the top of the level, is likely to include a final judgement concerning the extent to which the NMW affects the international competitiveness of the UK economy but the judgement is not very well supported. 	4 - 7 marks
1	<p>A weak response</p> <ul style="list-style-type: none"> • is very brief and/or lacks coherence • contains very limited or poor use of the data in Extract C • doesn't show any appreciation of the limitations of the data • may include an unsupported judgement concerning the level of the NMW and international competitiveness 	1 - 3 marks

Relevant issues include:

- what is meant by 'competitiveness'
- the relationship between wages, productivity and costs
- the relationship between costs and prices
- the minimum wage in the UK compared to other countries; using the data in the table showing minimum wages at PPP exchange rates and perhaps the data for China
- the extent to which the minimum wage reflects the overall level of wages and hence competitiveness; using the data showing minimum wages relative to full-time median earnings in different countries
- differences in productivity and the relevance of unit labour costs and competitiveness; using the data showing 'GDP per hour worked in a selection of countries'
- the limitations of the data, e.g. only covers a limited range of countries, the productivity data only covers the G7 countries, there isn't any data for a variety of factors that affect competitiveness
- the relevance of other factors that affect competitiveness such as the exchange rate and non-price factors

MAXIMUM FOR PART 31: 10 MARKS

[32] *It has been suggested that the NMW should be increased so that it is the same as the Living Wage.*

Explain the possible effects on individuals and the economy if the government were to adopt this suggestion.

[15 marks]

Level of response	Response	Max 15 marks
3	<p>A good response provides an answer that:</p> <ul style="list-style-type: none"> • is well organised and develops a selection of the key issues that are relevant to the question • shows sound knowledge and understanding of economic terminology, concepts and principles with few, if any, errors • includes good application of relevant economic principles and, where appropriate, good use of data to support the response • includes well-focused analysis with clear, logical chains of reasoning. 	<p>11 - 15 marks</p>
2	<p>A reasonable response provides an answer that:</p> <ul style="list-style-type: none"> • focuses on issues that are relevant to the question • shows satisfactory knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present • includes reasonable application of relevant economic principles 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. 	<p>6 - 10 marks</p>
1	<p>A weak response provides an answer that:</p> <ul style="list-style-type: none"> • has one or more relevant issues identified • has some limited knowledge and understanding of economic terminology, concepts and principles but some errors are likely • has very limited application of relevant economic principles and/or data to the question • might have some limited analysis but it may lack focus and/or become confused. 	<p>1 - 5 marks</p>

Relevant issues include:

- likely to increase the pay of the lowest paid employees
- the effect on the distribution of income
- the effect on employment and unemployment
- the effects on different types of workers
- the effects in a competitive labour market
- the effects in a non-competitive labour market
- the effect on firms' costs, profits and competitiveness
- the effect on productivity
- the effect on growth
- the effect on motivation, absenteeism and labour turnover
- the effect on inflation
- the effect on competitiveness and the balance of payments
- diagrammatic representation of the likely effects

MAXIMUM FOR PART 32: 15 MARKS

[33] *The authors of a report published by the Institute of Economic Affairs have recommended that the NMW for apprentices and under 18 year olds should be abolished **and** that each region of the UK should have its own minimum wage.*

Taking into account the information in Extract E and the original evidence, do you support these recommendations? Justify your answer.

[25 marks]

Level of response	Response	Max 25 marks
5	<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 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. 	21 - 25 marks
4	<p>Sound, focused analysis and some 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 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. 	16 - 20 marks
3	<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 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. 	11 - 15 marks
2	<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 but some errors are likely includes some limited application of relevant economic principles 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. 	6 - 10 marks
1	<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 is shown includes analysis which is, at best, very weak includes attempted evaluation which is weak and unsupported. 	1 - 5 marks

Relevant issues and areas for discussion include:

- the impact on youth unemployment, e.g. does having a minimum wage for young workers encourage firms to substitute older, more experienced workers?
- the significance of elasticity of demand for labour
- productivity of young workers, especially trainees and apprentices
- the cost of training young workers
- impact on skill acquisition and investment in human capital
- the significance of the level at which the minimum wage is set for apprentices and young workers
- young workers who are living at home, may not be ‘in poverty’
- equity issues
- short-run versus long-run effects
- regional differences in the cost of living
- differences in regional unemployment rates
- variations in the demand for labour and the supply of labour in different regions
- regional variations in types of employment
- the role of wage differentials in a market economy, e.g. the signalling and incentive functions
- wage differentials and labour mobility
- the significance of labour market imperfections
- the relevance of the level of welfare benefits, the replacement ratio and ‘voluntary’ unemployment
- costs of implementing and enforcing regional differences in the minimum wage and the risks of government failure

An answer that does not include any evaluation must not be awarded more than 13 marks.

MAXIMUM FOR PART 33: 25 MARKS

Total for this Investigation: 50 marks

MCQs

Specification section	A01 (K+U)	A02 (Application)	A03 (Analysis)	Total
1.1	-	1	-	1
1.2	1	1	-	2
1.3	-	1	1	2
1.4	1	1	-	2
1.5	-	2	-	2
1.6	1	1	-	2
1.7	1	-	-	1
1.8	2	-	1	3
2.1	-	1	1	2
2.2	-	2	1	3
2.3	1	1	1	3
2.4	-	2	1	3
2.5	1	1	-	2
2.6	1	1		2
TOTAL	9	15	6	30

Investigation

	A01	A02	A03	A04	
					TOTAL
Investigation					
31	2	2	2	4	10
32	5	5	5		15
33	3	5	5	12	25
Investigation total	10	12	12	16	50
			Paper 3 total		80