



**General Certificate of Secondary Education
2023**

Economics

Paper 2

[G9282]

FRIDAY 26 MAY, MORNING

**MARK
SCHEME**

General Marking Instructions

Introduction

Mark schemes are intended to ensure that the GCSE examinations are marked consistently and fairly. The mark schemes provide markers with an indication of the nature and range of candidates' responses likely to be worthy of credit. They also set out the criteria which they should apply in allocating marks to candidates' responses.

Assessment objectives

Below are the assessment objectives for Economics.

Candidates must:

- AO1** recall, select and communicate their knowledge and understanding of concepts, issues and terminology;
- AO2** apply skills, knowledge and understanding in a variety of contexts; and
- AO3** analyse and evaluate evidence, make reasoned judgements and present appropriate conclusions.

Quality of candidates' responses

In marking the examination papers, examiners should be looking for a quality of response reflecting the level of maturity which may reasonably be expected of a 16-year-old which is the age at which the majority of candidates sit their GCSE examinations.

Flexibility in marking

Mark schemes are not intended to be totally prescriptive. No mark scheme can cover all the responses which candidates may produce. In the event of unanticipated answers, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners should seek the guidance of the Supervising Examiner.

Positive marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for what candidates know, understand and can do rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected of a 16-year-old GCSE candidate.

Awarding zero marks

Marks should only be awarded for valid responses and no marks should be awarded for an answer which is completely incorrect or inappropriate.

Marking Calculations

In marking answers involving calculations, examiners should apply the 'own figure rule' so that candidates are not penalised more than once for a computational error.

Types of mark schemes

Mark schemes for tasks or questions which require candidates to respond in extended written form are marked on the basis of levels of response which take account of the quality of written communication.

Other questions which require only short answers are marked on a point for point basis with marks awarded for each valid piece of information provided.

Levels of response

Tasks and questions requiring candidates to respond in extended writing are marked in terms of levels of response. In deciding which level of response to award, examiners should look for the 'best fit' bearing in mind that weakness in one area may be compensated for by strength in another. In deciding which mark within a particular level to award to any response, examiners are expected to use their professional judgement. The following guidance is provided to assist examiners.

- **Threshold performance:** Response which just merits inclusion in the level and should be awarded a mark at or near the bottom of the range.
- **Intermediate performance:** Response which clearly merits inclusion in the level and should be awarded a mark at or near the middle of the range.
- **High performance:** Response which fully satisfies the level description and should be awarded a mark at or near the top of the range.

Quality of written communication

Quality of written communication is taken into account in assessing candidates' responses to all tasks and questions that require them to respond in extended written form. These tasks and questions are marked on the basis of levels of response. The description for each level of response includes reference to the quality of written communication.

For conciseness, quality of written communication is distinguished within levels of response as follows:

- Level 1: Quality of written communication is limited.
- Level 2: Quality of written communication is satisfactory.
- Level 3: Quality of written communication is of a high standard.

In interpreting these level descriptions, examiners should refer to the more detailed guidance provided below:

Level 1 (Limited): The candidate makes only a limited selection and use of an appropriate form and style of writing. The organisation of material may lack clarity and coherence. There is little use of specialist vocabulary. Presentation, spelling, punctuation and grammar may be such that intended meaning is not clear.

Level 2 (Satisfactory): The candidate makes a reasonable selection and use of an appropriate form and style of writing. Relevant material is organised with some clarity and coherence. There is some use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are sufficiently competent to make meaning clear.

Level 3 (High Standard): The candidate successfully selects and uses the most appropriate form and style of writing. Relevant material is organised with a high degree of clarity and coherence. There is widespread and accurate use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a sufficiently high standard to make meaning clear.

- 1 (a) *Using Figure 1, describe the trend in the average price of a UK house between February 2006 and February 2021*

The key points shown in Figure 1 are:

- Overall, there has been an upward trend in the average price of a UK house
- In February 2006, the average price of a UK house was £160,000, by August 2007 it had risen to £190,000
- The average price of a UK house was unstable during August 2007 and February 2009 due to the global financial crisis and recession. Prices decreased from £190,000 to £155,000 during this period
- Following the 2007–2009 global financial crisis and recession, the UK housing market stabilised
- From February 2009 to February 2021 average UK house prices increased from £155,000 to £250,000. This is an increase of £95,000

Any other valid response will be credited.

Allow [1] for identifying starting price, [1] for identifying final price [1] for stating a decrease or an increase and [1] for stating that there is a general upward trend in price.

(AO2: [4])

[4]

- (b) *Analyse one demand side factor and one supply side factor, that have influenced the market price of UK houses.*

Demand side factors

- Changes in the population structure – e.g. a rise in one-person households has caused an increase in demand for houses
- Help to buy scheme – there are a few different help to buy options
- Consumers' income – the higher the income levels the higher the demand for housing
- Interest rates – the higher the rate of interest, the more expensive it will be to repay a mortgage, lowering the demand for houses
- Population – an increase in the population will generate an increase in demand for houses

Supply side factors

- Cost of building materials, workers' wages etc. – if these factors increase in price, then the final price of a house may increase
- Cost of land – an increase in the cost of land may increase the final price of a house
- Changes in planning permission

Any other valid responses will be credited.

Award [1] for the identification of each valid factor, and award either [1] for partial analysis of the factors or [2] for relevant analysis of the conditions of demand and supply that will affect the market price of UK houses.

Level 0 ([0])

The candidate's response contains no content worthy of credit.

Level 1 ([1]–[2])

(AO1: [2])

The candidate demonstrates a basic understanding of one demand side factor and one supply side factor that could influence the market price of UK houses. Quality of written communication is limited.

Level 2 ([3]–[4])

(AO1: [2]; AO3: [2])

The candidate demonstrates a reasonable understanding of one demand side factor and one supply side factor that could influence the market price of UK houses. Quality of written communication is satisfactory.

Level 3 ([5]–[6])

(AO1: [2]; AO3: [4])

The candidate demonstrates a clear understanding of one demand side factor and one supply side factor that could influence the market price of UK houses. Quality of written communication is of a high standard.

(AO1; AO3)

[6]

- (c) *Use the formula provided to calculate the price elasticity of Supply (PES) for housing. Show your calculations.*

% change in quantity supplied = 1 [1]

% change in price = 10 [1]

$$\text{PES} = \frac{1}{10} = 0.10 \text{ [1]}$$

Allow [1] for correct calculation of percentage change in quantity supplied; allow [1] for correct calculation of percentage change in price; allow [1] for the correct calculation of PES.

(AO2: [3])

[3]

- (d) *Explain the importance of PES for producers.*

It is advantageous for producers to be highly responsive to changes in market conditions. Therefore, it is desirable for most producers to have a high PES because it will give them a competitive advantage.

If producers know that their PES is elastic, then they can increase their output without a rise in their costs or a time delay. If producers know that their PES is inelastic, then increasing their output will result in an increase in their costs or a time delay.

Allow [1] for a basic explanation [2] for a reasonable explanation and [3] for an appropriate explanation of the importance of PES for producers.

Allow [1] for definition – responsiveness etc.

(AO1: [1]; AO3: [2])

[3]

(e) *Explain two possible reasons why the supply of housing is price inelastic.*

- Limited spare capacity – there is a skills gap in the UK construction industry. This is due to shortages of skilled labour such as bricklayers, electricians, engineers, and plumbers
- There is a shortage of land to build on, therefore, there will be a limited number of new houses built
- Building materials are in short supply in the UK, e.g. cement, some electrical components, timber, steel and paints
- Production time frame – it can take many years for a housing project to be completed and normally there are delays in the process. This could be due to restrictions around securing planning permission. Also, there could be delays in the planning process for reasons such as local people lodging an objection against a new development

Any other valid responses will be credited.

Award [1] for the identification of each valid factor, and award [1] for analysis of the factor.

(AO1: [2]; AO3: [2])

[4]

(f) *Discuss the possible impact of rising house prices on the UK economy.*

Rising house prices have both costs and benefits for the UK economy.

Costs

- First-time buyers will find it harder to purchase a house
- People looking to move up the property ladder by upscaling to a larger house, might find it harder to afford a larger house
- Lower income households will find it harder to afford their own house
- Rented accommodation is likely to be more expensive, which will disadvantage lower income households who are likely to rent
- There will be more pressure to find potential building sites for housing as there is a shortage of land to build on. Therefore, areas in the countryside may be targeted destroying wildlife and greenery
- It will increase total consumer debt if buyers are using a mortgage to pay for their home

Benefits

- Households who own their own house will see an increase in their real wealth as property prices increase
- This may cause a general increase in the level of consumer spending which will cause an increase in growth and a decrease in unemployment throughout the economy
- There will be an increase in the number of houses built leading to rising profits for builders and possible job opportunities for those in the construction industry, e.g. bricklayers, joiners, architects
- If builders benefit from rising profits they may invest in apprenticeships and this will help reduce the skills shortage and skills gap in the UK construction industry
- People who bought houses to benefit from capital gains will experience this

Any other valid response will be credited

Award [7] for all positive/negative only.

Level 0 [0]

The candidate's response contains no content worthy of credit.

Level 1 ([1]–[3])

There is basic understanding of the impact of rising house prices on the UK economy, but the answer is not well developed. Quality of written explanation is limited.

Level 2 ([4]–[7])

There is a reasonable understanding of the impact of rising house prices on the UK economy. Quality of written explanation is satisfactory.

Level 3 ([8]–[10])

Candidate demonstrates a clear understanding of the impact of rising house prices on the UK economy. Quality of written communication is of a high standard.

(AO1: [3]; AO2: [3]; AO3: [4])

[10]

AVAILABLE
MARKS

30

2 (a) Complete the information in the table below to show total costs (TC) and total revenue (TR) when:

- (i) no one attends the festival; and
- (ii) 12 000 people attend.

Number who attend the festival	Fixed costs (£)	Variable costs (£20 per person)	Total costs (£)	Total revenue (£)
0	100 000	0	100 000	0
12 000	100 000	240 000	340 000	480 000

(AO2: [4]) [4]

(b) Using the information in the table, draw a break-even chart for the festival on graph paper.

You should clearly label:

- (i) both axes
- (ii) the total costs (TC)
- (iii) the total revenue (TR)
- (iv) the break-even point (BE)
- (v) area of profit
- (vi) area of loss

Examiners should apply 'own figure rule' so that candidates are not penalised more than once for a computational error.

Allow [1] for correctly showing each of the following: both axes labelled correctly; total costs; total revenue; break-even point correctly indicated at 5000 people; area of profit; area of loss.

(AO2: [6]; OFR: [3/6]) [6]

(c) What is meant by an exchange rate?

An exchange rate is the price of one currency in terms of another currency or group of currencies.

Allow [1] for a partially correct definition and [2] for a correct definition.

(AO1: [2]) [2]

(d) What is meant by a depreciation of the Pound?

The pound (£) depreciates when it falls in value against other currencies, e.g. the exchange rate could change from £1 = €1.20 to £1 = €1.10.

Award [1] for a flawed or partial explanation and [2] for an accurate explanation;

(AO1: [2]) [2]

- (e) *Explain how a depreciation of the Pound against the Euro would affect Northern Ireland as a tourist destination.*

A weaker pound means that tourists from the Eurozone will enjoy greater spending power with their own currencies in Northern Ireland. It makes a leisure trip to Northern Ireland more attractive, thereby boosting demand. This should promote Northern Ireland as a tourist destination.

Similarly, the weaker pound will make overseas holidays more expensive for NI residents. As a result, an increasing number of people may take domestic holidays otherwise known as staycations, because the price is not directly affected by the exchange rate.

Level 0 [0]

There is no content worthy of credit.

Level 1 ([1]–[2])

The candidate demonstrates a basic understanding of how a fall in the exchange rate impacts on Northern Ireland as a tourist destination. Quality of written communication is limited.

Level 2 ([3]–[4])

The candidate demonstrates a reasonable understanding of how a fall in the exchange rate impacts on Northern Ireland as a tourist destination. Quality of written communication is satisfactory.

Level 3 ([5]–[6])

The candidate demonstrates a clear understanding of how a fall in the exchange rate impacts on Northern Ireland as a tourist destination. Quality of written communication is of a high standard.

(AO1: [2]; AO3 [4])

[6]

- (f) *With reference to the social costs and social benefits associated with the Golf Tournament, discuss whether it should go ahead.*

Social costs and benefits are the total of the private costs or benefits and the associated external costs or benefits. For the Golf Tournament, these can be shown as follows:

- Private benefits
The owners that organised the tournament, have the potential to make a substantial profit
- Private costs
The owners that organised the tournament, will have to spend time planning and organising the event, and pay a number of costs to set it up before they can recoup any money from the sale of tickets such as wages for workers, the hire of equipment, insurance, advertising etc.
- External benefits
The tournament will provide employment for a number of other people, e.g. organisations that provide support services, e.g. catering services, hotels and guest houses and providers of transport.
- External costs
The tournament may cause congestion on the roads and noise pollution in the surrounding area. It may also cause environmental damage to places such as the local forest park and the Mourne Mountains. This could also have a negative effect on wildlife

Any other valid response will be credited.

Level 0 [0]

There is no content worthy of credit.

Level 1 ([1]–[3])

The candidate demonstrates a very restricted or confused understanding of the social costs and benefits. Specific examples are not given or are inappropriate. Quality of written communication is limited.

Level 2 ([4]–[7])

The candidate demonstrates an adequate understanding of the social costs and benefits and whether the tournament should have gone ahead. Some relevant examples are given but only partially explained. Quality of written communication is satisfactory.

Level 3 ([8]–[10])

The candidate demonstrates a clear understanding of the social costs and benefits and discusses whether the tournament should have gone ahead. A number of relevant examples are used appropriately to illustrate the answer. Quality of written communication is of a high standard.

(AO1: [3]; AO2: [3]; AO3: [4])

[10]

Total

**AVAILABLE
MARKS**

30

60