



General Certificate of Education

Economics EC4W

Unit 4 Working as an Economist

Mark Scheme

2007 examination - January series

Mark schemes are prepared by the Principal Examiner and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation meeting attended by all examiners and is the scheme which was used by them in this examination. The standardisation meeting ensures that the mark scheme covers the candidates' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for the standardisation meeting each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed at the meeting and legislated for. If, after this meeting, examiners encounter unusual answers which have not been discussed at the meeting they are required to refer these to the Principal Examiner.

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.

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Advanced Level Economics**January 2007****EC4W****Mark Scheme****General Instructions**

Marks awarded to candidates should be in accordance with the following mark scheme, and examiners should be prepared to use the full range of marks available. Where the candidate's response to a question is such that the mark scheme permits full marks to be awarded, full marks **MUST** be given. A perfect answer is not necessarily required. Conversely, if the candidate's answer does not deserve credit, then no marks should be given.

Occasionally, a candidate may respond to a question in a reasonable way, but the answer may not have been anticipated when the mark scheme was devised. In this situation **OR WHENEVER YOU HAVE ANY DOUBT ABOUT THE INTERPRETATION OF THE MARK SCHEME**, telephone the Senior Examiner to discuss how to proceed.

Quality of Written Communication

The marks awarded for Quality of Written Communication are included in this mark scheme.

The Case Study paper is marked holistically using the same marking criteria as are used for marking coursework. When marking the report, examiners should identify evidence of the skills being assessed by using the following key.

K	Knowledge and Understanding
AP	Application
AN	Analysis
E	Evaluation
C	Quality of Written Communication

Case Study: The European Union

Requirements of the Report

You are to write a report entitled: 'The economic implications of the CAP, with special reference to the environment'.

Your report should:

- explain how the CAP has led to overproduction;
- use the concept of 'market failure' to analyse the environmental problems associated with the CAP;
- evaluate the costs and benefits of switching expenditure from the CAP to other priorities, such as education, training, and research and development (you could, for example, consider how such a switch would affect agriculture and/or the environment and/or the general economy of the EU);
- make a recommendation as to whether the UK should support further reforms to the CAP on economic and environmental grounds, with justifications for your recommendation.

Use economic concepts and principles where appropriate. You will be given credit for demonstrating your ability to analyse, comment critically on, and make effective use of, the data provided. (84 marks)

SPECIFIC INSTRUCTIONS TO EXAMINERS

Examiners should use the following notes as guidance on what the question-setters expected to elicit from candidates as evidence of particular skills and levels of performance. This guidance should **NOT** be regarded as a 'straitjacket' and examiners should approach the work they are marking with an open mind, giving credit where it is justified by the evidence before them. Credit should always be given in circumstances where candidates respond in an unanticipated, but economically valid, way.

Knowledge and Understanding

Guidance for the Case Study in the subject specification mentions the following issues that are particularly relevant to this question:

The reform of the EU: use of economic principles to analyse the Common Agricultural Policy...globalisation and the EU....EU aspects of global problems...environment, etc., in the EU context.

Evidence of knowledge may be shown by the candidate who responds to the first bullet point by using some basic theory. They might consider the basic reasons for government intervention in the first place (eg by referring to price instability caused by price-inelastic demand and unstable supply and/ or long-term price falls related to income inelasticity). Another good starting point would be the use of a diagram showing how minimum prices encourage output – this approach would quickly move from knowledge into application. 'Environmental problems' can be interpreted widely. Candidates might look at local, rural environments, or they could take the steer from the case study towards Third World issues, the general concept of 'sustainability', globalisation and climate change. There is also a reference to the quantity and quality of water, which is a specific issue with wide reaching consequences.

Application

Any skill can, of course, appear anywhere in the candidate's report, but the second bullet point is particularly intended to elicit some applications of theory, such as the micro model referred to above. In the environmental context candidates are specifically directed towards discussing the important concept of 'market failure', and differentiation will come from those candidates who can successfully make links with other concepts such as 'externalities'. They might offer standard discussions and/ or diagrams involving private and external costs.

Analysis and evaluation

Candidates are given some guidance in the third bullet point, together with some choice and flexibility, and while some of the best candidates might be expected to address all three aspects, the weighting given to each aspect within the time available, is at the candidate's discretion; what is important is whether the candidate uses the economist's skills in any of these contexts. Candidates focusing on 'the economy', for example, might use the opportunity to introduce some macroeconomics. They might also build up analysis points by making linkages between some of the information given in the case study. For example, as well as references to third world problems, there are strong hints that the CAP is an anachronism in an age of globalised competition with emerging business-oriented economies in Asia. Perceptive students might use Extract D as a stimulus to discuss the need for supply side, human investment policies as an alternative to agricultural spending. Candidates more stimulated by redistributive matters could use Extract E. They might note that in corporate terms the UK is by no means disinterested as a CAP beneficiary. In both these extracts there are some opportunities for processing data, eg by calculating and commenting on some percentages.

Evaluation could arise almost automatically from the discussion of costs and benefits required by the third bullet point and the quality of justification of the recommendation in the final bullet point. Since the CAP has already been (allegedly) reformed, the question refers to 'further' reform. Candidates do not necessarily need to be specific about the possible **content** of such reform, but there are some leads in the case study which they could pick up on: reforms could be more genuinely redistributive, for example, or they could be more closely linked to rural development, or more closely tuned to environmental criteria. The most aware candidates might question the whole idea of agricultural subsidy, question its validity at EU level, and argue for its 'repatriation', so that the EU budget could focus on truly pan-European priorities, such as the education, training, and research and development mentioned in the third bullet point.

Highest achievers under the evaluation criteria could comment on the impartiality or otherwise of the sources; they might notice, for example, that the examiners have not chosen to include an extract that is overtly in favour of subsidy (the nearest to that comes from the EU itself). They might note that **The Observer** appears to be campaigning against the CAP, while **The Guardian** attempts to be factual, but does comment on national motives.

The instructions include the phrase 'with special reference to the environment'. It follows that a good candidate's response need not deal exclusively with environmental issues. Better candidates, however, will have a joined-up approach, and if discussing, for example, 'the economy' within the third bullet point, could discuss any possible trade-offs between economic performance and growth and environmental considerations.

Overall Assessment

Stronger candidates should be writing closely to the scenario. Weaker candidates will simply copy chunks out of the data. This approach would suggest lower level performance. However, if the data is appropriately selected and re-ordered to be relevant to an aspect highlighted in the scenario, this should tend to put a candidate's work in the middle levels. To move higher, the candidate should go beyond the selection and re-ordering of material from the case study.

Assessment Criteria

Examiners are to mark the report using the following assessment criteria, which are divided into five sections.

K	Knowledge and Understanding (AO1)	10 marks
AP	Application (AO2)	20 marks
AN	Analysis (AO3)	20 marks
E	Evaluation (AO4)	30 marks
C	Quality of Written Communication	4 marks
Total		84 marks

Knowledge and Understanding (K)

Candidates are expected to demonstrate knowledge and understanding of economic concepts and theories which are relevant to the problem/issue being investigated.

Level 5:	8-10 marks <i>Mid-Point: 9</i>	An accurate, comprehensive and appropriate use of a range of relevant knowledge and understanding of economic concepts or theories.
Level 4:	5-7 marks <i>Mid-Point: 6</i>	Use of relevant knowledge and understanding of economic concepts or theories.
Level 3:	3-4 marks <i>Mid-Point: 4</i>	Some knowledge and understanding of economic concepts or theories but these are used inappropriately or may not be relevant to the problem or issue.
Level 2:	1-2 marks <i>Mid-Point: 2</i>	Limited knowledge or understanding of economic concepts or theories.
Level 1:	0 marks	No knowledge or understanding of economic concepts or theories is demonstrated.

Application (AP)

Candidates are expected to demonstrate their ability to apply economic concepts and theories to the problem/issue being investigated.

Level 5:	16-20 marks <i>Mid-Point: 18</i>	An accurate, clear and sophisticated use of a relevant range of economic concepts and theories which are used to demonstrate an impressive grasp of the problem or issue.
Level 4:	11-15 marks <i>Mid-Point: 13</i>	Selection of appropriate economic concepts and theories which are appropriately applied to the problem or issue.
Level 3:	6-10 marks <i>Mid-Point: 8</i>	Some use of economic concepts and theories which are superficially or partially applied to the problem or issue.
Level 2:	1-5 marks <i>Mid-Point: 3</i>	Limited attempt to apply economic concepts and theories and these are applied inappropriately or may not be relevant to the problem or issue.
Level 1:	0 marks	No attempt to apply economic concepts and theories.

Analysis (AN)

Candidates should be able to present and analyse relevant economic data that relates to the problem/issue being investigated.

Level 5:	16-20 marks <i>Mid-Point: 18</i>	An appropriate range of relevant economic data is logically analysed to produce outcomes that relate directly to the problem/issue. Results are presented clearly using a range of formats as appropriate.
Level 4:	11-15 marks <i>Mid-Point: 13</i>	A range of economic data is presented and analysed with some relevance to the problem or issue. Results are presented clearly with a reasonable attempt at using appropriate formats.
Level 3:	6-10 marks <i>Mid-Point: 8</i>	Some attempt is made to present and analyse economic data which is limited in scope but has some relevance to the problem or issue.
Level 2:	1-5 marks <i>Mid-Point: 3</i>	A very limited attempt is made to present and analyse economic data which has little relevance to the problem or issue.
Level 1:	0 marks	No attempt to present and analyse economic data.

<u>Evaluation (E)</u>		Candidates should be able to demonstrate a critical approach to economic models and methods of enquiry. They should demonstrate the ability to produce reasoned conclusions clearly and concisely and to assess the strengths and weaknesses of economic arguments and the value and limitations of the data used.
Level 6:	25-30 marks <i>Mid-Point: 28</i>	Conclusions are reached with accurate and valid reasoning showing originality and insight, combined with a thorough and critical evaluation of the validity of the data and arguments and findings.
Level 5:	19-24 marks <i>Mid-Point: 22</i>	Conclusions are reached with accurate reasoning with sound, critical examination of the validity of the data and/or arguments and/or findings.
Level 4:	13-18 marks <i>Mid-Point: 16</i>	Conclusions are reached with reasoned explanation and/or with some critical examination of the validity of the data and/or arguments and/or findings.
Level 3:	7-12 marks <i>Mid-Point: 10</i>	Conclusions are reached with some reasoned explanation and/or with some examination of the validity of the data and/or arguments and/or findings.
Level 2:	1-6 marks <i>Mid-Point: 4</i>	A limited attempt is made to draw conclusions and to make reasoned judgements, but these are largely generalised and unsupported.
Level 1:	0 marks	No attempt is made to draw conclusions.

Quality of Written Communication Marking Criteria (C)

The following marks are to be awarded to candidates for the Quality of Written Communication they have demonstrated when writing the report.

4 marks	Complex ideas have been expressed clearly and fluently. Sentences and paragraphs have followed on from one another smoothly and logically. Arguments are consistently relevant and have been well structured. There are few, if any, errors of grammar, punctuation and spelling. There is extensive use of specialist vocabulary which is applied adeptly and with precision.
3 marks	Moderately complex ideas have been expressed clearly and reasonably fluently, through well linked sentences and paragraphs. Arguments are generally relevant and have been well structured. There may be occasional errors of grammar, punctuation and spelling. A wide range of specialist vocabulary is used with facility.
2 marks	Straightforward ideas have been expressed clearly, if not always fluently. Sentences and paragraphs may not always be well connected. Arguments have strayed sometimes from the point or have been weakly presented. There may be some errors of grammar, punctuation and spelling, but not such as to suggest a weakness in these areas. There is a good range of specialist vocabulary which is applied appropriately.
1 mark	Simple ideas have been expressed clearly but arguments may be of doubtful relevance or obscurely presented. Errors in grammar, punctuation and spelling may be noticeable and intrusive and may suggest a weakness in

these areas. Some use of specialist vocabulary is made but this is not always applied appropriately.

0 marks

Ideas have been expressed poorly and sentences and paragraphs have not been connected. There are errors of grammar, punctuation and spelling, showing a weakness in these areas. There is very limited use of specialist vocabulary.