



ADVANCED
General Certificate of Education
2024

Economics
Assessment Unit A2 1
assessing
Business Economics
[AEC11]
MONDAY 20 MAY, AFTERNOON

MARK
SCHEME

General Marking Instructions

This mark scheme is intended to ensure that the A2 examinations are marked consistently and fairly. The mark scheme provides examiners with an indication of the nature and range of candidate responses likely to be worthy of credit. It also sets out the criteria which they should apply in allocating marks to candidates' responses. The mark schemes should be read in conjunction with these general marking instructions which apply to all papers.

Quality of candidates' responses

In marking the examination paper, examiners will be looking for a quality of response reflecting the level of maturity which may reasonably be expected of 18-year-olds, which is the age at which the majority of candidates sit their A2 examinations.

Flexibility in marking

The mark scheme is not intended to be totally prescriptive. For many questions, there may be a number of equally legitimate responses and different methods by which the candidates may achieve good marks. No mark scheme can cover all the answers 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 for the paper concerned.

Positive marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for valid responses 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 for 18-year-old candidates. Conversely, marks should only be awarded for valid responses and not given for an attempt which is completely incorrect and inappropriate.

Types of mark schemes

Mark schemes for 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. These questions are indicated on the cover of the examination paper. 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. Some material may be included in the mark scheme for the benefit of teachers and pupils preparing for future examinations. Candidates are not expected to have provided this information. Such material is printed in the mark scheme in italics.

Levels of response

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.

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.

Quality of written communication

Quality of written communication is taken into account in assessing candidates’ responses to all questions that require them to respond in extended written form. These 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. Where the quality of candidates’ economics is not matched by the quality of written communication, marks awarded will not exceed the maximum for Level 2 in questions which have three levels of response or the maximum for Level 3 in those which have four levels of response.

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.

Level 4: Quality of written communication is excellent.

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

Level 1 (Limited): The candidate makes only a limited attempt to select and use 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 attempt to select and use an appropriate form and style of writing, supported with appropriate use of diagrams as required. 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 evident.

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

Level 4 (Excellent): The candidate successfully selects and uses the most appropriate form and style of writing, supported with precise and accurate use of diagrams where appropriate. Relevant material is extremely well organised with the highest degree of clarity and coherence. There is extensive and accurate use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of the highest standard and ensure that meaning is absolutely clear.

Section A

AVAILABLE MARKS

1 In the theory of the firm the short run is defined as the period of time over which the input of at least one factor is fixed. This factor is normally assumed to be capital. In the case of Metal Frames Ltd the short run lasts for 10 months as this is the time it takes for new plant to become operational. The long-run on the other hand is the period of time over which all factor inputs are variable. In this case the long run is anything over 10 months.

For explanation of the difference between the long run and the short run. [2]
 For appropriate examples in each case. [2] [4] 4

2 For calculation of SNP **falling** by £120 000 [4]
 SNP under profit maximisation = £6 × 40 000 = £240 000
 SNP under revenue maximisation = £2 × 6000 = £120 000

Up to [3] for correct methodology but error in calculation or presentation. [4] 4

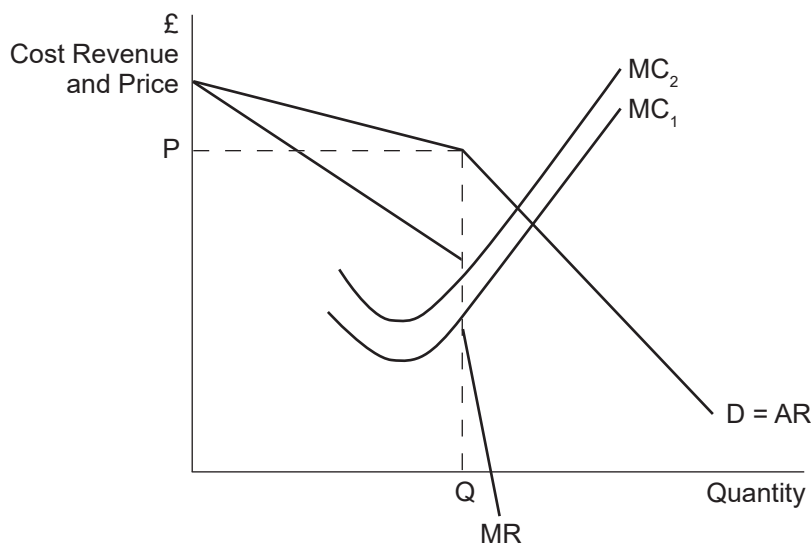
3 (a) For calculation of ATC as £3740
 $ATC = AVC + AFC = £3500 + (£3.6mn/15\ 000)$ [3]

Up to [2] for correct methodology but error in calculation or presentation. [3]

(b) For calculation of SNP as £41.4mn ($TR - TC = £97.5mn - £56.1mn$)
 or ($£6500 - £3740 = £2760 \times 15000 = £41.4mn$) [4]

Up to [2] for correct methodology but error in calculation or presentation. [3] 6

4 In oligopolistic markets the demand curve is assumed to be kinked. This kinked demand curve results in a discontinuous marginal revenue curve. Therefore, it is possible that a profit maximising firm may keep price unchanged, if this increase in marginal cost occurs within the discontinuous range of the marginal revenue curve.



Issues and areas for analysis include:

- Definition/explanation of oligopoly.
- Explanation of the kinked demand curve and the resultant discontinuous MR curve.
- Explanation that the profit maximising output and price will be unchanged if MC increase within the discontinuous range of the MR curve.
- Appropriate diagrams.
- Appropriate examples.

Level 1 ([1]–[2])

A basic response provides an answer that demonstrates:

- Basic knowledge and understanding of relevant terminology, concepts, principles and models.
- Basic application of relevant economic principles, terminology, concepts and models to the context of the question; limited use of relevant data, and diagrams where relevant, to address the issues in the question.
- Basic analysis; may lack focus.
- A low quality of written communication.

Level 2 ([3]–[4])

A good response provides an answer that demonstrates:

- Good knowledge and understanding of relevant terminology, concepts, principles and models.
- Good application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used reasonably to address the issues in the question.
- Good analysis in relation to the impact on economic agents; analysis may not be developed fully or may have some inaccuracy at times.
- A good quality of written communication.

Level 3 ([5]–[6])

An excellent response provides an answer that demonstrates:

- Excellent accurate knowledge and understanding of relevant terminology, concepts, principles and models.
- Excellent application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used effectively to address the issues in the question.
- Well focused, relevant analysis used accurately and appropriately in relation to the impact on economic agents.
- An excellent quality of written communication.

[6]

**AVAILABLE
MARKS**

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Section A

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Section B

AVAILABLE
MARKS

- 5 (a) • Corporate profits have increased over the period shown.
• In 2015 corporate profits were approximately £425bn.
• By 2022 they had reached approximately £550bn.
• This represents an increase of approximately 29% over the period.
• The biggest annual increase was in 2022 where corporate profits increased by 10.42%.

[2] for description of trends in absolute terms

[2] for appropriate manipulation of data

[4]

- (b) Market share is defined as the proportion of total sales in a market that is accounted for by a particular brand, product or company. It is normally calculated by taking a company's sales revenue and dividing it by the total value of sales in that particular market. Alternatively, it can be calculated by taking the company's total volume of sales and dividing it by the total volume of units sold in that market.

The term market power (or monopoly power) refers to the ability of a firm to alter the market price of a good or service by exercising control over its demand, supply or both. A firm (or group of firms) would be considered to have market power if they have the ability to raise and maintain price above the level which would prevail under perfect competition. Market power is much more difficult to measure than market share. *The most common method is the Lerner Index which measures the extent to which price exceeds marginal (or variable) cost.*

While market share and market power often go hand in hand one does not necessarily depend upon the other. It is possible for a firm to have significant market share yet have little power to influence the price of the product, while firms in other markets may have more market power despite having a much lower market share. Some producers of craft beers are able to increase price significantly above marginal costs of production despite having limited market share.

Areas for analysis and discussion include:

- Definition of market share.
- Explanation of how market share is measured.
- Reference to measurements based on volume or value.
- Definition of market power.
- Explanation of how market power is measured.
- Reference to monopoly or monopsony power.
- Reference to market share tests being used to measure market dominance.
- Appropriate examples.
- Appropriate diagrams.

Level 1 ([1]–[3])

A basic response provides an answer that demonstrates:

- Basic knowledge and understanding of relevant terminology, concepts, principles and models.
- Basic application of relevant economic principles, terminology, concepts

and models to the context of the question; limited use of relevant data, and diagrams where relevant, to address the issues in the question.

- Basic analysis; may lack focus.
- A low quality of written communication.

Level 2 ([4]–[6])

A good response provides an answer that demonstrates:

- Good knowledge and understanding of relevant terminology, concepts, principles and models.
- Good application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used reasonably to address the issues in the question.
- Good analysis in relation to the impact on economic agents; analysis may not be developed fully or may have some inaccuracy at times.
- A good quality of written communication.

Level 3 ([7]–[9])

An excellent response provides an answer that demonstrates:

- Excellent accurate knowledge and understanding of relevant terminology, concepts, principles and models.
- Excellent application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used effectively to address the issues in the question.
- Excellent, relevant analysis used accurately and appropriately in relation to the impact on economic agents.
- An excellent quality of written communication. [9]

- (c) Supernormal profits are defined by economists as, any profit over and above the minimum required to keep the factors of production in their current use. Firms earn supernormal profits whenever the average revenue received for selling goods is greater than the average cost associated with their production. This is because economists assume that normal profits are included as a cost of production.

All companies must publish their accounts with Companies House and hence the information on profits, revenues and costs will be available to economists. Firms which are not companies (sole traders or partnerships) must still file tax returns which outline their costs, revenues and profits so this information will be available to government economists.

Supernormal profits are profits which exceed what an entrepreneur would normally be expected to earn through the employment of a similar combination of factors of production. If an entrepreneur could earn 5% by placing their money in a bank or other form of simple investment, then one benchmark for SNP might be anything in excess of 5%

Alternatively, the economist could:

- Compare the firm's profits with those of other firms in the industry – though this might be ineffective if all firms in the industry are making SNP as is the case particularly in the energy sector.
- Compare the firm's profits with those of firms in the same industry in other countries, – though again these firms may also be making SNP.

- Compare the firm's profits with those of similar sized firms in other industries – again though this might be difficult if all large firms are making SNP.
- Compare the firm's current profits with what they made in previous years – the data in the sources would indicate that profits are up significantly in a range of sectors- energy, retail and banking are all identified in the source as having huge increases in profits.

In any of the 4 cases above if the firm's profits were significantly higher than those to which they are being compared we could consider the profits to be supernormal.

Clearly though there is no definitive method of determining whether any given level of profit is supernormal and hence it is difficult for economists to determine the extent to which profits are excessive or supernormal. Indeed, Declan Brown stated that "the belief that any level of profit could be regarded as excessive is preposterous. The term supernormal profit is nothing but an arbitrary academic concept which is neither definable nor measurable in any real sense."

Areas for analysis and discussion include:

- Definition or explanation of supernormal profit.
- Explanation of how SNP is calculated in economic theory TR-TC.
- Reference to normal profit being a cost of production and so included in TC.
- Reference to the difficulty in calculating normal or supernormal profit.
- Reference to methods economists might use to determine if profits are excessive.
 - Comparing to other firm in the industry
 - Comparing to similar sized firms in other industries
 - Comparing to firms in the same industry in other countries
 - Comparing to some form of average return or benchmark profit ratio
- Appropriate diagrams.
- Appropriate examples.

Level 1 ([1]–[4])

A basic response provides an answer that demonstrates:

- Basic knowledge and understanding of relevant terminology, concepts, principles and models.
- Basic application of relevant economic principles, terminology, concepts, and models to the context of the question.
- Some limited use of data, and diagrams where relevant, in relation to the context of the question.
- Basic analysis and evaluation however this may lack focus.
- Judgement(s) unsupported.
- A low quality of written communication.

Level 2 ([5]–[8])

A good response provides an answer that demonstrates:

- Good knowledge and understanding of relevant terminology, concepts, principles and models.
- Good application of relevant economic principles, terminology, concepts, and models to the context of the question; where relevant,

some reasonable use of data and diagrams in relation to the context of the question.

- Good analysis and evaluation in relation to the impact on economic agents; however, this may not be developed fully or may have inaccuracies at times.
- Reasonable judgement(s) building on analysis.
- A good quality of written communication.

Level 3 ([9]–[12])

An excellent response provides an answer that demonstrates:

- Excellent accurate knowledge and understanding of relevant terminology, concepts, principles and models.
- Excellent application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used effectively to address the issues in the question.
- Well focused, relevant analysis and evaluation used accurately and appropriately in relation to the impact on economic agents.
- Informed judgements that directly address the issues in the question and reach clear conclusions built on analysis.
- An excellent quality of written communication. [12]

- (d) A Windfall tax is an additional tax imposed on the supernormal or excessive profits of a company or group of companies. It is normally imposed on companies that are judged to have benefited from something that was not the result of their own investment or hard work. Windfall taxes are popular because they raise revenue for the government which can be put to good use. They may also encourage firms to set price at a level which does not allow them to earn excessive profits. Because they are retrospective they also should have less impact on economic activity and investment plans.

While windfall taxes do not directly impact on price the firm may increase price to compensate for the higher taxes. This in turn can reduce allocative efficiency. Firm may also be reluctant to seek productive efficiency since any increase in profit would be taxed away. Windfall taxes also reduces both the funds for and the incentive to seek dynamic efficiency through R&D. Finally, a windfall tax may encourage firms to move to lower tax areas to avoid the tax and hence may reduce overall tax revenues.

Areas for analysis and discussion include:

- Definition or explanation of a windfall tax.
- Explanation of justification of a windfall tax in terms of taxing bonus profits that were not a result of innovation or hard work.
- Impact of windfall tax on government revenue and where this money could be spent – could be used to pay for price cap or to help hard pressed families pay energy bills.
- Impact of a windfall tax on investment plans of UK companies – Liz Truss believes they will reduce investment, however Paul Johnson of the IFS claims this is nonsense.
- Discuss fairness or otherwise of imposing a retrospective tax – does not allow firms opportunity to react and change their business practise.
- Knock on impacts of windfall taxes on dividends and share prices and the impact of that on pension funds, insurance premiums and endowment policies etc.

- Appropriate diagrams.
- Appropriate examples.

Level 1 ([1]–[5])

A basic response provides an answer that demonstrates:

- Basic knowledge and understanding of relevant terminology, concepts, principles and models.
- Basic application of relevant economic principles, terminology, concepts, and models to the context of the question.
- Some limited use of data, and diagrams where relevant, in relation to the context of the question.
- Basic analysis and evaluation; this may lack focus.
- Judgement(s) unsupported.
- A low quality of written communication.

Level 2 ([6]–[10])

A good response provides an answer that demonstrates:

- Good knowledge and understanding of relevant terminology, concepts, principles and models.
- Good application of relevant economic principles, terminology, concepts, and models to the context of the question; where relevant, some reasonable use of data and diagrams in relation to the context of the question.
- Good analysis and evaluation in relation to the impact on economic agents; however this may not be developed fully or may have inaccuracies at times.
- Reasonable judgement(s) building on analysis.
- A good quality of written communication.

Level 3 ([11]–[15])

An excellent response provides an answer that demonstrates:

- Excellent accurate knowledge and understanding of relevant terminology, concepts, principles and models.
- Excellent application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used effectively to address the issues in the question.
- Well focused, relevant analysis and evaluation used accurately and appropriately in relation to the impact on economic agents.
- Informed judgements that directly address the issues in the question and reach clear conclusions built on analysis.
- An excellent quality of written communication.

[15]

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Section B

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**AVAILABLE
MARKS**

- 6 Those who are opposed to the foreign takeover of UK firms argue that since foreign firms feel no allegiance to the UK they can be bad for the UK economy in a number of ways.
- Foreign takeovers often lead to plant closures and job losses in the UK as the new company seeks cost savings – *When US company Kraft bought Cadbury's they closed down their UK factories and moved production to eastern Europe despite making promises to keep production in the UK.*
 - Foreign takeovers lead to lower tax revenues for the UK government as foreign firms are more likely to move their headquarters to a low tax centre – *Boots moved its headquarters to Switzerland after being taken over by KRR at an annual cost of about £80mn in lost tax revenues for the UK exchequer.*
 - Some argue that foreign firms are less likely to invest in physical and human capital than indigenous firms.
 - When economic conditions become unfavourable foreign firms are more likely to retreat to their home nation.
 - Foreign firms have little understanding or respect for UK traditions and systems and as a result, foreign takeovers can undermine UK business culture.
 - Trade unions argue that pay and conditions often deteriorate in the aftermath of foreign takeovers, and this ultimately harms the UK economy.
 - Foreign firms often buy UK companies to strip their assets and sell them on at a profit – *Debenhams was bought in 2003 by 2 US based private equity firms who loaded the company with debt, sold off its best assets and then sold the company.*

Opponents of foreign takeovers argue that other Western European governments such as France have national interest tests for foreign takeovers which allow them to prevent important national companies falling under foreign ownership. They believe the UK should adopt a similar test to limit foreign takeovers of UK firms. At the minute UK Ministers can only intervene in deals where a foreign-led takeover could affect areas such as economic stability, media plurality, or national security.

There are others however who argue that foreign takeovers are most cases benign and, in some cases, may actually benefit the UK economy. Specifically, they argue that:

- Foreign firms bring much needed investment to the UK which has a positive impact on the balance of payments and economic growth.
- Foreign firms bring experience and expertise to the UK which benefits not only the target company but also other companies who can learn from foreign firms – *Motor firm Bentley was bought by Volkswagen Group who invested heavily in plant and innovation. The performance of Bentley has improved significantly as a result.*
- In some cases, the pay and conditions in foreign firms is better than that of UK firms.
- Foreign takeovers are simply an endorsement of the UK's reputation as an open economy which is a good place to do business – a complete ban would send out a poor message about the UK economy.
- Foreign takeovers can lead to higher tax revenues if the combined firm bases itself in the UK.

Areas for analysis and discussion include:

- Reference to possible impact on jobs in UK.
- Discussion of possible impact on working conditions.
- Reference to possible impact on tax revenues to Exchequer.
- Impact of foreign takeovers on macro economy – balance of payments, economic growth etc.
- Reference to cultural differences between UK firms and foreign firms.
- Reference to knowledge transfers between UK firms and foreign firms.
- Discussion of impact of different motives for takeover – asset stripping, economies of scale, synergies, tax advantages, market power.
- Discussion of difficulty in banning all foreign takeovers and potential for retaliation.
- Appropriate examples.
- Appropriate diagrams.

Level 1 ([1]–[7])

A basic response provides an answer that demonstrates:

- Basic knowledge and understanding of relevant terminology, concepts, principles and models.
- Basic application of relevant economic principles, terminology, concepts, and models to the context of the question; some limited use of data, and diagrams where relevant, in relation to the context of the question.
- Basic analysis and evaluation; this may lack focus.
- Judgement(s) unsupported.
- A low quality of written communication.

Level 2 ([8]–[15])

A reasonable response provides an answer that demonstrates:

- Reasonable knowledge and understanding of relevant terminology, concepts, principles and models.
- Reasonable application of relevant economic principles, terminology, concepts, and models to the context of the question; some reasonable use of data, and diagrams where relevant, in relation to the context of the question.
- Reasonable analysis and evaluation in relation to the impact on economic agents; however, this may not be developed fully or may have inaccuracies at times.
- Reasonable judgement(s) building on analysis.
- A reasonable quality of written communication.

Level 3 ([16]–[23])

A good response provides an answer that demonstrates:

- Good knowledge and understanding of relevant terminology, concepts, principles and models.
- Good application of relevant economic principles, terminology, concepts, and models to the context of the question; some reasonable use of data, and diagrams where relevant, in relation to the context of the question.
- Good analysis and evaluation in relation to the impact on economic agents; however, this may not be developed fully or may have inaccuracies at times.
- Reasonable judgement(s) building on analysis.
- A good quality of written communication.

**AVAILABLE
MARKS**

Level 4 ([24]–[30])

An excellent response provides an answer that demonstrates:

- Excellent accurate knowledge and understanding of relevant terminology, concepts, principles and models.
- Excellent application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used effectively to address the issues in the question.
- Well focused, relevant analysis and evaluation used accurately and appropriately in relation to the impact on economic agents.
- Informed judgements that directly address the issues in the question and reach clear conclusions built on analysis.
- An excellent quality of written communication.

[30]

**AVAILABLE
MARKS**

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7 Diseconomies of scale are the disadvantages of increased size which lead to increasing average costs. Diseconomies of scale can be either internal or external. Internal diseconomies of scale are normally assumed to be the result of management problems. For example:

- In a large organisation it can be difficult to co-ordinate the work of a whole range of different sections and therefore some workers may be underutilised.
- Large organisations often experience communication problems and therefore important information may get lost or delayed.
- It is also difficult to keep an eye on every worker in a large organisation and therefore slack may occur.
- In large organisations industrial relations can deteriorate and worker morale can suffer which reduces productivity.

It could be argued that advances in technology have made communications systems more effective and have made it easier for firms to keep an eye on staff to ensure slack does not occur. Technology has also made it easier to produce detailed production plans to ensure that are workers are fully utilised at all times. Artificial Intelligence and robotics can reduce costs so significantly that it hides the impact of the management problems associated with growth.

Improved management techniques should also help to maintain effective industrial relations which should in turn motivate staff and improve productivity.

The use of outsourcing also allows the firm to grow its output without experiencing the increased cost associated with employing additional workers/resources directly.

However, experience would seem to suggest that when firms grow beyond a certain point, they are likely to experience diseconomies of scale despite the impact of globalisation or the use of ICT or modern management techniques.

Areas for analysis and discussion include:

- Definition/explanation of diseconomies of scale.
- Distinction between internal and external diseconomies.
- Examples of diseconomies of scale.
- Reference to how firms could avoid diseconomies of scale
 - human resource management
 - performance related pay
 - use of ICT, AI and robotics
 - use of outsourcing/off shoring
 - full utilisation of technical economies.
- Impact on LRAC curve.
- Reference to the maximum efficient scale and the inevitability of costs eventually rising.
- Appropriate diagrams.
- Appropriate examples.

Level 1 ([1]–[7])

A basic response provides an answer that demonstrates:

- Basic knowledge and understanding of relevant terminology, concepts, principles and models.

- Basic application of relevant economic principles, terminology, concepts, and models to the context of the question; some limited use of data, and diagrams where relevant, in relation to the context of the question.
- Basic analysis and evaluation; this may lack focus.
- Judgement(s) unsupported.
- A low quality of written communication.

Level 2 ([8]–[15])

A reasonable response provides an answer that demonstrates:

- Reasonable knowledge and understanding of relevant terminology, concepts, principles and models.
- Reasonable application of relevant economic principles, terminology, concepts, and models to the context of the question; some reasonable use of data, and diagrams where relevant, in relation to the context of the question.
- Reasonable analysis and evaluation in relation to the impact on economic agents; however, this may not be developed fully or may have inaccuracies at times.
- Reasonable judgement(s) building on analysis.
- A reasonable quality of written communication.

Level 3 ([16]–[23])

A good response provides an answer that demonstrates:

- Good knowledge and understanding of relevant terminology, concepts, principles and models.
- Good application of relevant economic principles, terminology, concepts, and models to the context of the question; some reasonable use of data, and diagrams where relevant, in relation to the context of the question.
- Good analysis and evaluation in relation to the impact on economic agents; however, this may not be developed fully or may have inaccuracies at times.
- Reasonable judgement(s) building on analysis.
- A good quality of written communication.

Level 4 ([24]–[30])

An excellent response provides an answer that demonstrates:

- Excellent accurate knowledge and understanding of relevant terminology, concepts, principles and models.
- Excellent application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used effectively to address the issues in the question.
- Well focused, relevant analysis and evaluation used accurately and appropriately in relation to the impact on economic agents.
- Informed judgements that directly address the issues in the question and reach clear conclusions built on analysis.
- An excellent quality of written communication. [30]

Section C

Total

**AVAILABLE
MARKS**

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