



*Rewarding Learning*

**ADVANCED  
General Certificate of Education  
2025**

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**Economics**

**Assessment Unit A2 1**

*assessing*

**Business Economics**

**[AEC11]**

**MONDAY 19 MAY, AFTERNOON**

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**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.

1 Economies of scale are those advantages of increased size, which lead to falling average costs. Internal economies of scale are economies that rise from the growth of individual firms regardless of what is happening to other firms. The source material refers to managerial and financial economies of scale. External economies of scale on the other hand are economies that arise from a firm being in an industry which is growing. The firm itself may not be growing. The source refers to the large pool of highly trained labour available to work in the software market in NI.

For explanation of difference between internal and external economies of scale [2]

For appropriate application. [2] [4]

4

2 The information in the profit payoff matrix would suggest that the dominant strategy for both firms would be to advertise even though the best cooperative strategy would be not advertising. For example, if Costly Coffee decides not to advertise but Café Nemo decides to advertise Costly Coffee will gain only £2000 in profit compared to the £2400 it would have gained if it had advertised.

For identifying that advertising is the dominant strategy for both firms [2]

For explaining why advertising is the dominant strategy [2] [4]

4

3 The law of diminishing marginal returns to the variable factor states that as more and more of a variable factor are added to a fixed amount of another factor marginal product will at first increase but eventually diminish.

The table below shows that marginal product increases up to the 4th worker but declines with the employment of the 5th worker.

Number of employees	Total weekly bench production	Marginal product
1	20	20
2	48	28
3	88	40
4	148	60
5	206	58
6	248	42
7	278	30

For explanation of the law of diminishing marginal returns to the variable factor [2]

For appropriate use of data [2] [4]

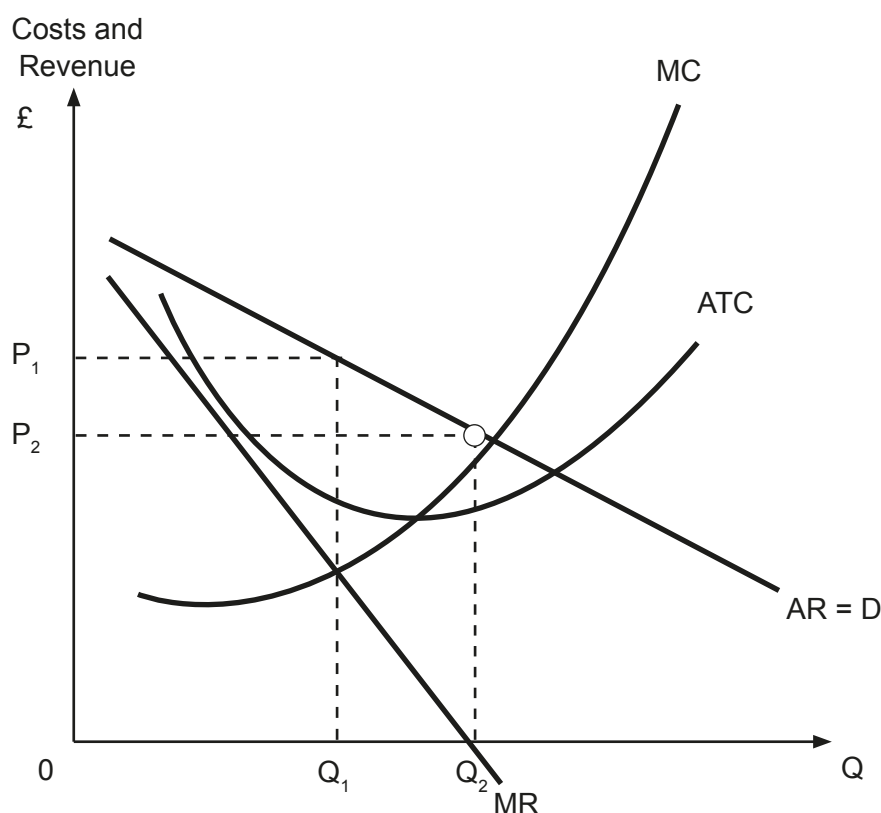
4

4 For calculation of the total revenue earned by Microsoft Azure in quarter four 2019 as \$17.28bn (\$96bn x 18%) [2]

For correct methodology but error in calculation or presentation [1] [2]

2

- 5 The record label is a private limited company which aims to maximise profits, therefore they will wish to produce at the point where  $MC = MR$  and charge the highest price possible as dictated by the demand curve. This is shown as  $P_1$  in the diagram below. DJ Vice on the other hand will want to maximise revenues, and will therefore want to price the albums at  $P_2$  in order to sell  $Q_2$ .



**Issues and areas for analysis include:**

- Explanation of the profit maximising output and price
- Explanation of the revenue maximising output and price
- 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

6

- 6 (a) The table below shows the dividend payment as a percentage of post-tax profit for each company over the period shown in the case study.

Company	Post tax profit (£bn)	Dividend payment (£bn)	Dividend as % of post-tax profit
United Utilities	3.85	2.75	71.4%
<b>Thames</b>	<b>3.20</b>	<b>2.65</b>	<b>82.8%</b>
Anglian	3.0	3.75	125%
Severn Trent	2.4	2.50	104%
Northumbrian	1.80	1.75	97.2%
Yorkshire	1.50	2.20	146%
South West	1.45	1.10	75.9%
Wessex	1.30	1.20	92.3%
Southern	1.10	0.60	54%

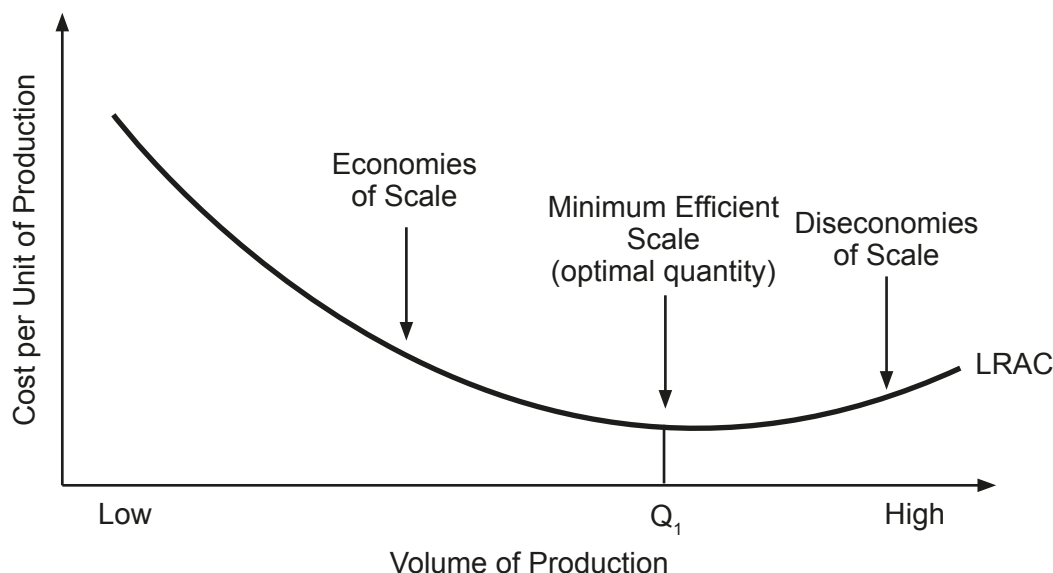
- Thames Water have paid out £2.65bn in dividend payments between 2010 and 2020 which is the 3rd largest of the companies listed.
- This equates to 82.8% of their post-tax profits.
- When expressed as a percentage of post-tax profits it is lower than 5 other companies and so puts Thames Water in the bottom third of the companies listed.
- Anglian has the highest dividend payments in absolute terms at £3.75 billion which is about 42% higher than Thames.
- In relative terms Yorkshire has the highest dividend payment at 146% of its post-tax profits which is 63.2 percentage points higher than Thames
- Southern has the lowest dividend payment both in absolute and relative terms (54% of post-tax profits).
- In absolute terms Southern has paid out less than a quarter of the dividends of Thames and is 28.8 percentage points lower when calculated as a percentage of post-tax profits.

Up to [2] or comparison in absolute terms

Up to [2] for appropriate manipulation of data

[4]

- (b) A natural monopoly occurs whenever maximum efficiency is achieved through production by one firm rather than through many competing suppliers. A natural monopoly generally occurs in industries where the fixed costs of production are so high that it is not profitable for more than one firm to enter and compete. This means that the Minimum Efficient Scale (MES) occurs at such a large proportion of total output that only one firm could produce at the point where AC are minimized. This is shown in the diagram below.



While there are several water companies operating in England, each has a monopoly position in its region. The cost of building and maintaining water and sewage infrastructure mean it would not be viable for additional water companies to operate in these regions.

**Areas for analysis and discussion include:**

- Definition of monopoly
- Definition of natural monopoly
- Discussion of economies of scale
- Discussion of MES
- Discussion of fixed costs associated with building and maintaining water and sewage infrastructure
- Relevant examples
- Relevant 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) Ofwat is the body responsible for economic regulation of the privatised water and sewerage industry in England and Wales. Ofwat's main statutory duties include protecting the interests of consumers and securing the long-term resilience of water supply and wastewater systems. Ofwat primarily sets limits on the prices charged for water and sewerage services, taking into account proposed capital investment schemes and expected operational efficiency gains.

In recent years Ofwat has come in for severe criticism over its failure to adequately regulate the water and sewage systems in England. Critics argue that it has failed on 3 main fronts. Firstly, it has failed to keep prices in check, with prices rising by over 40% in real terms since privatisation. Secondly it has failed to ensure adequate investment by the private water companies which has allowed the water and sewage systems in England to deteriorate and finally it has failed to stop shareholders stripping more than £72bn in dividend payments from the industry while loading the companies with debt.

Critics of the current regulatory regime argue that Ofwat is underfunded and so cannot fulfil its functions properly. They also argue that it has limited powers to punish companies who act against the public interest and finally that it suffers from regulatory capture and hence lacks the incentive to act decisively against the water companies

**Areas for analysis and discussion include:**

- Reference to the role of industry specific regulators such as Ofwat
- Reference to the public interest test and how difficult it can be to define and measure
- Reference to the failures of Ofwat
  - Failure to limit price rises
  - Failure to stop finance being stripped from the industry in the form of excessive dividend payments
  - Failure to ensure adequate investment in upgrading the water and sewage systems.

- Reference to the limitations of the regulatory system
  - Ofwat lacks funding required to properly investigate water companies
  - Ofwat also lacks the power to implement fines or punishments severe enough to alter behaviour of firms
  - Reference to regulatory capture and the “revolving door” between the regulator and the industry and the impact this would have on the incentives faced by those working in regulation
- Reference to benefits or successes of regulators such as Ofwat
  - Improved water and beach quality compared to before privatisation
  - Improved efficiency and hence lower costs – the source refers to the fact that up to 40% of the jobs that existed within the utilities before they were privatised were totally unnecessary.
- Appropriate examples
- Appropriate diagrams

### 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) Nationalisation refers to the act of taking a firm or industry into public ownership. It was a very popular policy in the UK between 1940 and 1979, particularly for industries such as water and sewage which were considered to be natural monopolies. Those who favour nationalisation argue that the water industry is dominated by large firms which earn supernormal profits and pay excessive dividends to their shareholders rather than invest in future capacity. They argue the government should nationalise the industry and therefore the government will be able to use the supernormal profits to improve the water and sewage infrastructure for the benefit of the whole economy. They also argue that if the industry is nationalised then the government could set price at a level which would lead to allocative efficiency. This lower price would also lead to an increase in consumer surplus. Finally, they argue that where finance is required to invest in infrastructure, the government are best placed to raise this as they can typically borrow at much lower rates than firms. One reason why Thames Water is in such difficulties is that it borrowed excessively to pay dividends when interest rates were low but is now struggling to service those debts as a result of increased interest rates.

However, opponents of renationalisation argue that nationalised industries tend to be very inefficient. The nationalised firm has no incentive to be productively efficient since the profit motive is removed and as such it tends to produce at much higher average cost. The source suggests that up to 40% of the jobs in the former nationalised utilities were unnecessary. This inefficiency can often lead to the nationalised firm charging a higher price than would be the case with a private monopoly.

Nationalising an industry can be extremely costly as the government must buy all the shares in the firms. The source estimates the cost of full renationalisation to be around £90bn.

Finally, nationalised firms have no incentive to innovate since they will have no profit motive and therefore nationalisation tends to reduce dynamic efficiency.

**Issues for analysis and discussion include:**

- Explanation of nationalisation
- Discussion of advantages of nationalisation
  - Direct control over prices
  - Ability to invest in infrastructure
  - Ability to raise finance at much lower rates
  - Ability to use SNP for greater good rather than dividend payments and CEO wages
  - Nationalised firms less likely to dump raw sewage into rivers and seas
  - Failure of privatisation and regulation
- Discussion of disadvantages of nationalisation
  - Lack of profit motive
  - Impact on efficiency
  - Cost of nationalisation – £90bn and impact on taxpayers
  - Lack of innovation
- Reference to historical context – performance of the regional water authorities prior to privatisation
- Appropriate examples – reference to how other countries run water and sewage.
- Appropriate diagrams

**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]

40

- 7 Price discrimination is often seen as benefiting firms at the expense of consumers however a closer examination of the situation would indicate that price discrimination can benefit consumers as well. Price discrimination leads to some consumers, (those with relatively elastic demand) paying a lower price. In some cases individuals, who would have previously been unable to consume the good, will be priced into the market and would therefore gain welfare. This can also be seen in industries such as the IT industry where the high price paid by business users for computer software allow an IT company to offer the same software to educational users at much lower prices. It could also be argued that, since the firm can sell more goods by discriminating, it will have more scope to exploit economies of scale. These economies of scale could result in lower costs for the firm and therefore lower prices for all customers. It could be argued that the monopolist could use some of the extra supernormal profit earned by discriminating, to fund research and development and therefore lead to greater dynamic efficiency and product innovation which benefits all consumers.

However, price discrimination can be detrimental to consumers in several ways. Firstly, some consumers (those with relatively inelastic demand) will end up paying more for the good than would be the case in the absence of discrimination. This clearly has an impact on their welfare. In addition, if price discrimination is used as a barrier to entry or to reduce the level of competition in an industry it can ultimately lead to higher prices for all customers. Finally, the supernormal profits available through price discrimination might encourage productive and X inefficiency and as a result lead to higher prices in the long run.

For these reasons, some argue that price discrimination should be outlawed by government.

**Areas for analysis and discussion include:**

- Definition or explanation of price discrimination
- Reference to conditions necessary for price discrimination
- Reference to different types of price discrimination – 1st, 2nd and 3rd degree
- Positive impact of price discrimination on consumers
  - Lower prices for those consumers with relatively elastic demand
  - Greater product innovation
  - Potential for lower prices for all as a result of the exploitation of economies of scale
- Negative impact of price discrimination on consumers
  - Higher prices for those consumers with relatively inelastic demand
  - Potential for higher prices for all if price discrimination is used as a barrier to entry
  - Potential for inefficiency to lead to higher costs and therefore higher prices
- Impact of price discrimination on firms
  - Potential for higher profits,
  - Scope for economies of scale,
  - Scope for innovation and product development,
  - Ability to use price discrimination as a method of reducing competition
  - Impact of price discrimination on competing firms
- Impact of price discrimination on consumer and producer surplus
- Impact of price discrimination on profits
- Impact of price discrimination on efficiency – productive, allocative, dynamic and x efficiency
- Impact of price discrimination on economies of scale and scope

- Reference to the difficulty in enforcing a complete ban
- Discussion of whether all forms of price discrimination are equally harmful
- 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]

30

- 8 Traditional economic theory suggests that oligopolies are likely to act against the public interest by charging higher prices than would be the case under more competitive conditions. Being able to charge these higher prices allows the firm to earn supernormal profits. As a result, oligopolistic firms are likely to be both allocatively and productively inefficient.

However, those in favour of oligopolies argue that they can drive innovation. They argue that oligopolistic firms can use some of their supernormal profits to fund research and product development and as a result will create dynamic efficiency. They also argue that an economy could benefit from permitting oligopolistic firms to develop as it allows firms to become large enough to gain the economies of scale necessary to survive in a global marketplace.

**Areas for analysis and discussion include:**

- Impact of oligopoly on prices – intense competition between the big 4 can keep prices low for consumers while a lack of competition could lead to higher prices
- Impact of oligopoly on consumer and producer surplus
- Reference to economies of scale
- Reference to industries which are natural oligopolies
- Reference to supernormal profits
- Reference to research and development and product innovation
- Reference to dynamic efficiency
- Reference to potential for collusion
- Reference to importance of oligopolies in job creation
- Comparison with other market structures
- 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]

**Total**

**AVAILABLE  
MARKS**

30

**90**