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Mark Scheme (Results)

January 2016

Pearson Edexcel International Advanced Subsidiary in Economics (WEC01) Paper 01 Markets in Action

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

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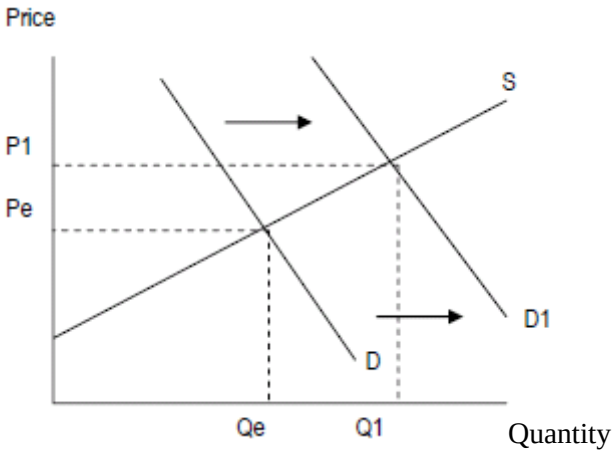
Section A: Supported multiple choice

NB: Candidates may achieve up to 3 explanation marks even if the incorrect option is selected.

NB: Candidates may achieve up to 3 marks for explaining three incorrect options (provided three different reasons are offered and each option key is clearly rejected).

Question Number	Answer	Mark
1	**Answer D (1 mark)** **Explanation (up to 3 marks)** • Definition of a normative statement: (one that is based on a value judgement/ subjective approach/ cannot be tested as true or false/ non-scientific approach to Economic) **(1)** • Definition of a positive statement: (one that is based on facts/ objective approach/ can be tested as true of false/ value free/ Scientific approach to Economics) **(1)** • Application: in statement 1 is positive since it can be tested to see if Thailand increased spending on education as % of GDP from 4.1% to 7.6% **(1)** • Application: in statement 2 the word 'should' shows it is a value judgement **(1)** **Rejection marks** **(do not double award marks)** • Option A: incorrect because statement 1 has statistics/ facts that can be proved and therefore is not based on a value judgement **(1)** • Option B: incorrect because statement 1 contains statistics about education spending that can be tested so is therefore positive **(1)** • Option C: statement 2 is not positive as it has value judgements and statement 1 is positive as it is based on statistics/ facts about education spending **(1)**	**(4)**

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Question Number	Answer	Mark
2	**Answer B (1 mark)** **Explanation (up to 3 marks)** • Definition of price mechanism- e.g. invisible hand /interaction of supply and demand / allocation of resources **(1)** • Demand rising causes price rises which means items are rationed to those that can most afford the product **(1)** • An increase in demand shifts the demand curve right/pushing up the price **(1)** and will cause an extension of supply **(1)** • OR Diagram to show extension of supply due to rising demand **(1)** showing new equilibrium price and quantity **(1)**  **Rejection marks** • Option A: when the price rises the profitability for firms rises creating an incentive for them to increase production **(1)** • Option C: falling prices indicate that demand is falling or supply rising/ rising prices indicate demand is rising or supply falling **(1)** • Option D: the price mechanism is about leaving economic decisions to supply and demand and does not involve government intervention **(1)**	**(4)**

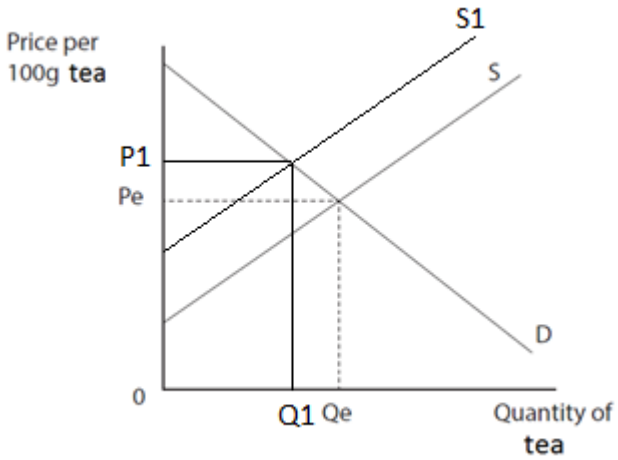
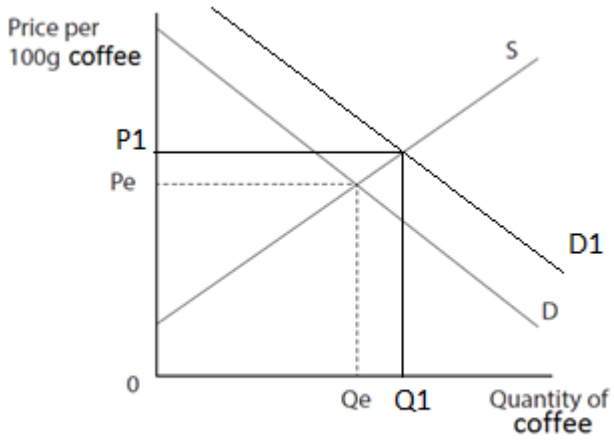
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Question Number	Answer	Mark
3	**Answer A (1 mark)** **Explanation (up to 3 marks)** • Definition division of labour- where the production process is broken down and members of staff specialise on one task OR Definition of specialisation- where workers will focus on one stage of production **(1)** • Each worker will focus on one job and will become more productive at that job **(1)** • With output rising with the same number of workers output per worker will rise/improved productivity/improved efficiency **(1)** • Application of division of labour to the production of 'Trainers' - one person cuts the material, another sticks on the soles and another packages the shoes. **(1)** **Rejection marks** • Option B with more output per worker total output will rise not fall **(1)** • Option C repetitive tasks may lead to an increase in monotony for staff as they do the same thing repeatedly **(1)** • Option D incorrect because there is less time wasted in changing over tools and equipment **(1)**	**(4)**

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Question Number	Answer	Mark
4	**Answer C (1 mark)** **Explanation (up to 3 marks)** • Definition of inertia: Consumers tend to do nothing or remain unchanged **(1)** • Definition of rational or irrational consumers **(1)** • In this case consumers would be acting rationally by moving to lower price gas and electricity providers **(1)** • This is because they do not have the inclination or desire to switch suppliers so rather than checking for lower costs providers they will remain with the current provider **(1)** • Link to irrationality- that consumers do not always aim to maximise utility **(1)** **Rejection marks** • Option A this is where a third party is postively affected by a transaction which is not likely to happen when someone is selecting their gas or electricity supplier **(1)** • Option B if customers felt undervalued by their current provider they are likely to seek another supplier so they do feel valued **(1)** • Option D if consumers were good at computation they would calculate they would get gas or electricity cheaper elsewhere **(1)**	**(4)**

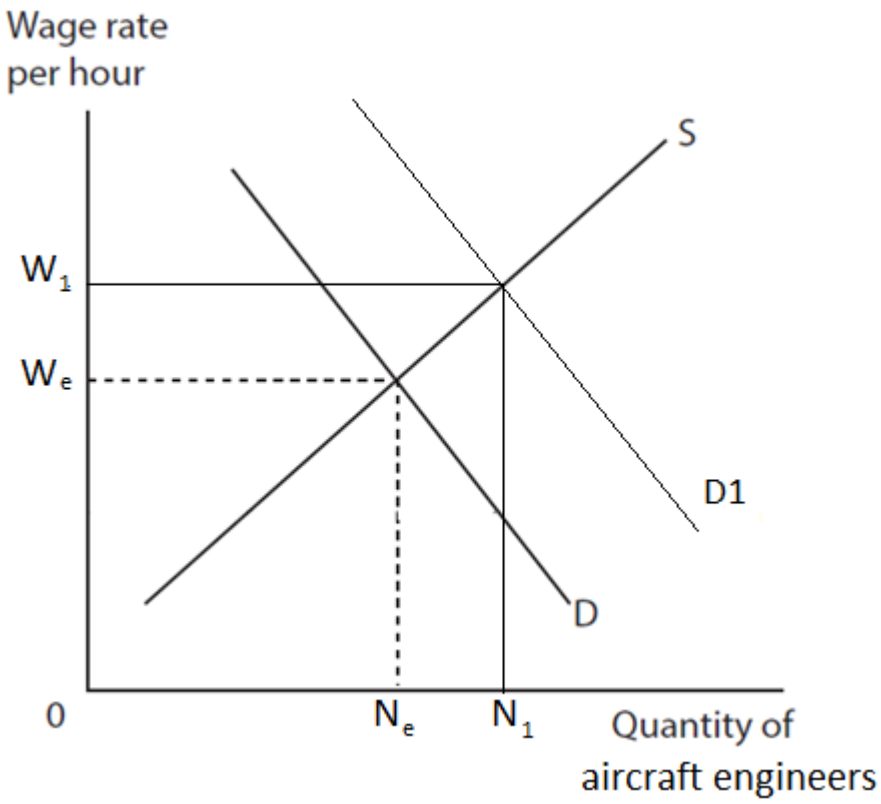
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Question Number	Answer	Mark
5	**Answer A (1 mark)** **Explanation (up to 3 marks)** • Definition of substitutes- products that can replace each other/ Substitutes have a positive XED **(1)** • Tea is a substitute for coffee as you choose between the two drinks **(1)** • Written explanation Poor tea harvest leads to reduced supply causing price to rise **/** or diagrams annotated showing supply falling for tea **and** an equilibrium with a higher price **(1)**  • Written explanation/ diagrams annotated showing Demand rising for coffee **and** an equilibrium with a higher price **(1)**  	

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	Rejection marks • Option B: if the price of tea rises people will substitute to coffee pushing up demand causing the price to rise not fall **(1)** • Option C: if the supply of tea falls the price of tea will rise and people will substitute to coffee pushing up demand of coffee causing the price to rise not fall **(1)** • Option D: a poor harvest causes supply to fall causing higher prices not lower prices **(1)**	**(4)**

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Question Number	Answer	Mark
6	Answer B (1 Mark) Explanation (up to 3 marks) • Defined derived demand- demand for the labour is dependent on the demand for the final product **(1)** • With increased demand for aircraft Boeing will need to make more aircraft **(1)** • So will demand more staff to produce the aircraft **(1)** • Additional demand for labour will push up the wages and employment/ competition for engineers drives up wages **(1)** • Annotated diagram to show increased demand **(1)** and wages **(1)**  **Rejection marks** Option A incorrect because increased demand for labour will cause increased employment to N_1 **(1)** Option C incorrect because increased demand for labour will cause increased wages to W_1 **(1)** Option D incorrect because the market will clear with wages W_1 and employment N_1, thus unemployment will not rise. **(1)**	**(4)**

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Question Number	Answer	Mark
7	**Answer D (1 mark)** **Explanation (up to 3 marks)** • Definition of imperfect information: where consumers do not have full information or definition of asymmetric information: where one group have more information than another group **(1)** • Imperfect information exists as 18-29 year olds may not be aware of the cost incurred when these treatments are needed **(1)** • This leads to an under consumption of health insurance **(1)** • This inefficient allocation of resources is a market failure **(1)** • Alternative reasons for lack of health insurance such as unaffordable or inability to gain insurance from a company/ poor at computation **(1)** **Rejection marks** • Option A: if indirect taxes fell the supply would rise causing price to fall and an increase in the number taking out health insurance. **(1)** • Option B: healthcare is excludable as the consumption by one will exclude others from consumption of healthcare **(1)** • Option C: if someone purchases health insurance there is an opportunity cost as they can longer spend the premium on other products. **(1)**	**(4)**

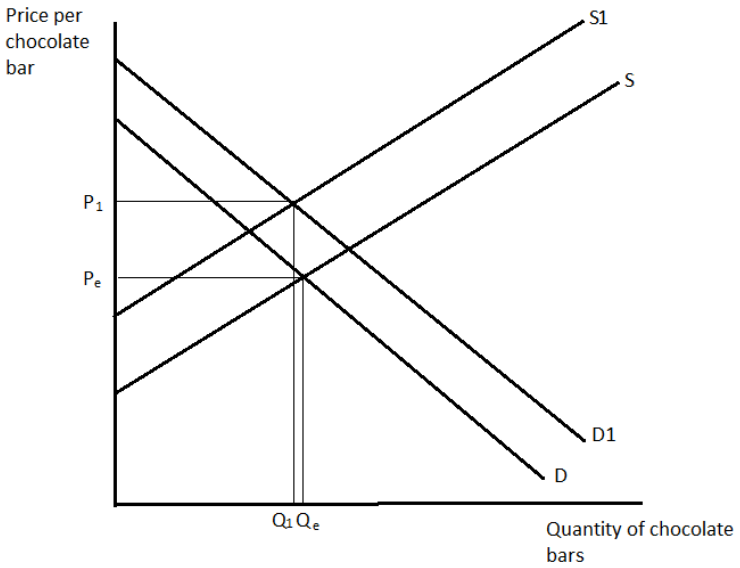
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Question Number	Answer	Mark
8	**Answer C (1 mark)** **Explanation (up to 3 marks)** • Definition of market failure- where the market results in an inefficient allocation of resources **(1)** • Definition of public goods- goods that experience non-excludability and non-rivalry **(1)** • The private sector will not provide/ underprovide public goods due to the free rider problem **(1)** • For example street lights would not be provided by the private sector as it is difficult to get people to pay when they can free ride **(1)** • Examples of public goods- e.g. streetlights, defence, lighthouses **(1)** • Explanations of what non-excludable and non-rival are **(1+1)** **Rejection marks** • Option A: training will normally act to correct market failure such as the under provision of goods with external benefits or occupational immobility **(1)** • Option B: The price of a commodity rising in order to ration the item is the market functioning correctly **(1)** • Option D: This is an example of government failure as government intervention has led to a worse outcome **(1)**	**(4)**

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Section B: Data response
NB: KAA marks relates to those awarded for AO1, AO2 and AO3

NB: Evaluation marks relates to those awarded for AO4

Question Number	Answer	Mark
9(a)	**Knowledge, Application and Analysis (up to 6 marks)** • Explicit reference to chocolate price in Extract 1 Hershey and Mars increased prices Hershey increased price 8% Mars increased price 7% **(1)** • A decrease in supply because of: ○ Rising costs of cocoa **(1)** • An increase in demand because of: ○ Rising incomes in China, India and Brazil are leading to increased demand for chocolate for which cocoa is a key ingredient **(1)** Diagrammatic analysis which shows: • original supply, demand **and** equilibrium price and quantity **(1)** • a shift to the left of the supply curve **(1)** • a shift to the right of the demand curve **(1)** • final equilibrium price (after two shifts) **(1)**  Final equilibrium quantity maybe higher, lower or the same.	**(6)**

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Question Number	Answer	Mark
9(b)	**Knowledge, Application and Analysis (4 marks)** **Award 1 mark for any one of the following definitions:** o Definition or formula of PES o Price elastic supply: the supply is responsive to changes in price/ PES>1 o Price inelastic supply: the supply is unresponsive to changes in price/ PES<1 **(1)** • Explicit reference to Extract 1: ▪ The area of production for cocoa is relatively small ▪ The majority of cocoa crops come from small family run farms in areas such as Ghana, Nigeria, Cameroon, Indonesia, Malaysia, Papua New Guinea, Brazil, Colombia and Ecuador ▪ Being able to grow more cocoa is unlikely so few countries grow it ▪ 3-5 years to mature **(1+1)** • Therefore supply is likely to be inelastic in supply (1) Allow alternative responses such as: • credit reference to factors of production fixed short run- inelastic (1) • can be mobilised long run- elastic (1) • buffer stocks, stockpiles, spare capacity – elastic (1)	**(4)**

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Question Number	Answer	Mark
9(c)		**(10)**
Knowledge, Application and Analysis – Indicative content		
	Knowledge/ Analysis • Define PED/ price elastic (PED>1, quantity demanded more responsive to changes in price) and price inelastic (PED<1, quantity demanded less responsive to changes in price) • If price elastic, increasing price will result in larger reduction in quantity resulting in less total revenue • If price inelastic, increasing price will result in less than proportional increase in quantity resulting in more total revenue • May include diagram to show elastic or inelastic demand as appropriate- may show short and long run Application • Hershey Mars not increased price for 3 years suggesting PED more elastic • Lindt prefers to absorb rising costs to remain competitive- may believe PED elastic • Toblerone removed triangle rather than put up the price- believe PED elastic as they think increasing price will reduce total revenue Arguments that it is elastic or inelastic may be taken at KAA and arguments to the contrary may be taken as EV	

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Level	Marks	Descriptor
0	0	A completely inaccurate response.
1	1-2	Shows some awareness of price elasticity of demand.
2	3-4	Understanding of price elasticity of demand and whether likely to be elastic or inelastic. There is application to the context.
3	5-6	Clear understanding of the effect of PED and whether likely to be elastic or inelastic. There is appropriate application to context which is used to identify what different manufacturers might consider the PED to be.

Evaluation – Indicative content		
	• PED may change over time being more inelastic in the short term and more elastic in the long term • Magnitude- the size of the price changes are relatively small 7%/8% • Time lag- short term little impact as it take time to adjust, long term larger impact as consumers adjust consumption patters • Chocolate bars only small proportion of expenditure so have less impact • Chocolate is likely to have inelastic demand • The large quantity of substitutes between chocolate brands in manufacturer experience more elastic demand • Chocolate brands can achieve more inelastic demand through marketing/different bars different elasticities	

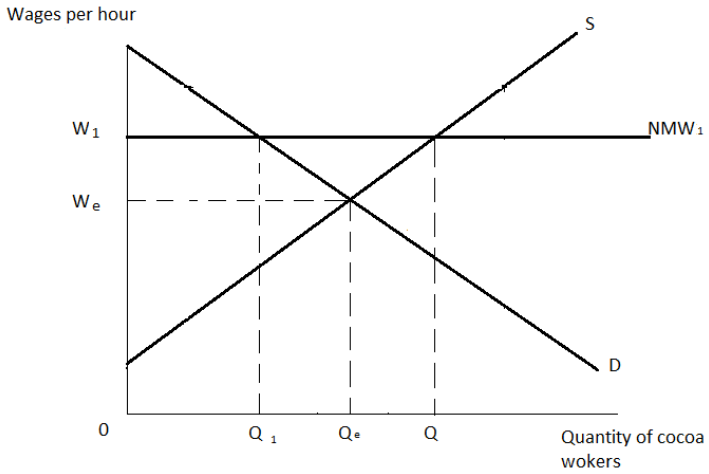
Level	Marks	Descriptor
0	0	No evaluative comments.
1	1-2	For identifying evaluative comments without explanation.
2	3-4	For evaluative comments supported by relevant reasoning.

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Question Number	Answer	Mark
9(d)		**(14)**
Knowledge, Application and Analysis – Indicative content		

- Define Minimum wage- the lowest amount employers can pay employees/ wage floor below which wages cannot fall

Diagram



- If minimum wage introduced at NMW1 above market equilibrium wage We
- Qd= Q1 and Qs=Q, excess supply of labour Q-Q1
- Unemployed cocoa workers- worse off than when lower pay offered
- Adds to the costs of cocoa farmers/ chocolate manufacturers- reduced producer surplus
- May result in further increases in price to cover costs- consumers suffer (linked to consumer surplus lower)

Application

- Rising cocoa prices are not benefiting small scale farmers and workers.
- The average income of farmers and workers in West Africa is far below the level needed to meet their basic needs/ they earn less than US$ 1.25 per day.

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	• The income does not cover expenses including shelter, nutrition, drinking water, health care, education and child care. Positives or negatives may be taken as KAA and arguments to the contrary may be taken as EV	

Level	Marks	Descriptor
0	0	A completely inaccurate response.
1	1-3	Shows some awareness of minimum wage. Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.
2	4-6	Understanding of minimum wage in the context of the cocoa labour market. This may be supported by an accurately labelled diagram. Material is presented with some relevance but there are likely to be passages which lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect the clarity and coherence.
3	7-8	Clear understanding of the minimum wage in the context of the cocoa market. This may be supported by an accurately labelled diagram which is explained and applied effectively. Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found, but the writing has overall clarity and coherence.

Evaluation – Indicative content		
	• Magnitude of minimum wage– current wage $1.25 even with a rise due to minimum wage can be absorbed by chocolate manufacturers • Time period: in short term cocoa farmers may absorb the costs but profitability may be affected and long term some may exit the market • Discussion of possible benefits, e.g. meet basic needs/ more productive/ less costs to government as less need for healthcare/ fair/ morally right thing to do • Difficulty of putting a value on what the minimum wage should be. • Unlikely they will be able to coordinate across all countries so some may worry that introducing it will make their cocoa farmers less competitive. • Significance of wages as % of total costs • Significance of PED/PES in affecting the level of unemployment	

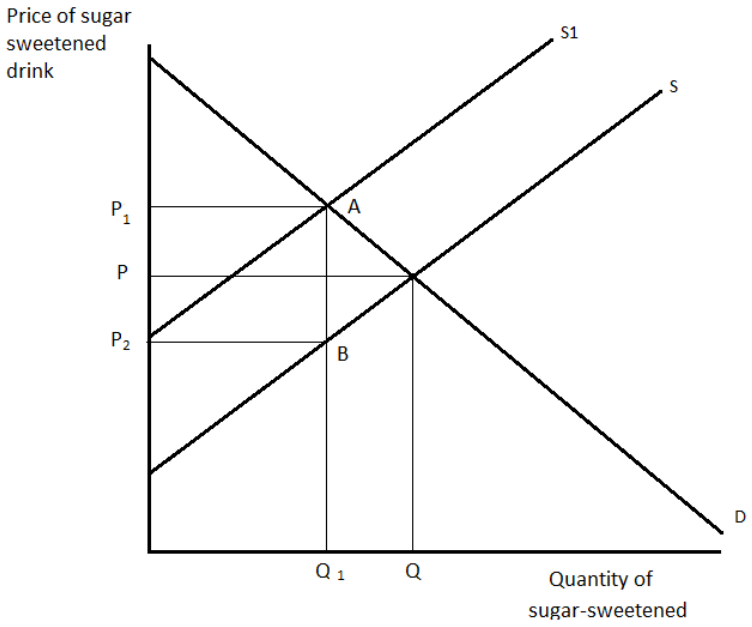
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	• Increased minimum wage may increase relevant cost of production against other regions • Increased demand for chocolate derived for cocoa workers revenues available to fund minimum wage • Increased wages staff feel more valued able to meet their basic needs improving their productivity/some say that if the minimum wage is a guaranteed income then less incentive to work harder	

Level	Marks	Descriptor
0	0	No evaluative comments.
1	1-2	For identifying evaluative comments without explanation
2	3-4	For evaluative comments supported by some reasoning and application to context.
3	5-6	For evaluative comments supported by relevant reasoning and clear application to context.

Question Number	Answer	Mark
9(e)		**(14)**
Knowledge, Application and Analysis – Indicative content		
	Diagrammatic analysis • Indirect tax causes supply to shift left S to S_1 • quantity falls Q to Q_1 • Price rises from P to P_1 • Government revenue P_1P_2AB • Consumer and producer tax burden/ incidence • May identify fall in producer and consumer surplus • May be a shift specific or pivot ad-valorem of the supply curve	

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Written analysis

- Indirect tax- charge on spending/ consumption
- The tax will add to the costs of firms causing them to reduce supply
- It will cause lower quantity consumer and reduced consumer surplus/ European Commission reduced consumption
- Firms will generate reduced revenues and producer surplus
- The government will earn additional revenue
- The revenue could be used to combat obesity/ or to fund health care
- Cross border shopping/smuggling to avoid tax
- Impact on employment and investment

Level	Marks	Descriptor
0	0	A completely inaccurate response.
1	1-3	Shows some awareness of indirect taxes. Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.
2	4-6	Understanding of Indirect taxes in the context of sugar sweetened drinks. This is supported by an accurately labelled diagram. Material is presented with some relevance but there are likely to be passages which lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect the clarity and coherence.

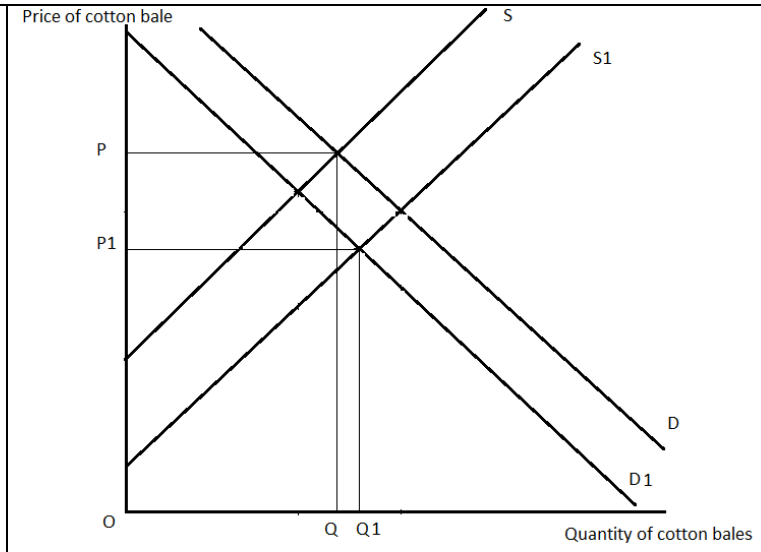
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3	7-8	Clear understanding of indirect taxes in the context of sugar sweetened drinks. This will be supported by an accurately labelled diagram which is explained and applied effectively. Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found, but the writing has overall clarity and coherence.
Evaluation – Indicative content		
	• May go for cheaper/ inferior alternatives • Significance of impact on consumption, employment, investment depends on level of PED • Cross border shopping/ smuggling to avoid tax not likely European Commission • Encouraging non sweetened drinks helping others firms • Lower producer surplus and profits may cause exit from market • Government can choose to spend to reduce any external costs- e.g. health/ education to provide information • Magnitude- depends on the size of the tax as to the impact it will have • Discussion of price elasticity of demand for sugar-sweetened drinks • Discussion of regressive or progressive nature of tax.	
Level	Marks	Descriptor
0	0	No evaluative comments.
1	1-2	For identifying evaluative comments without explanation
2	3-4	For evaluative comments supported by some reasoning and application to context.
3	5-6	For evaluative comments supported by relevant reasoning and clear application to context.

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Question Number	Answer	Mark
10(a)	**Knowledge, Application and Analysis (up to 6 marks)** • Explicit reference to cotton price falling to 'lowest level in 5 years' Extract 1 **(1)** An increase in supply because of any one of the following: • The USA, the world's biggest cotton exporter is expected to produce a large crop. • recent rain in cotton-growing areas have created ideal conditions for growing. • The Government has forecasted that cotton output in 2014-15 season will rise by 10% to 16.5 million bales. **(1)** An decrease in demand because of any one of the following: ○ Weak domestic demand for cotton – China ○ China decides to end its 2 ½ year stockpiling programme (accept buffer stock) ○ Global economic growth forecast indicates a slowdown ○ Sensitive to economic growth / linked to income elastic demand **(1)** Diagrammatic analysis which shows: • original supply, demand **and** equilibrium price and quantity **(1)** • a shift to the right of the supply curve **(1)** • a shift to the left of the demand curve **(1)** • final equilibrium price (after two shifts) **(1)**	**(6)**

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Question Number	Answer	Mark
10(b)		**(10)**
Knowledge, Application and Analysis – Indicative content		
	• Definition or explanation of normal good when income rises, the quantity demanded rises/YED positive • Supply and demand diagram showing increased demand shifting right- increased price and quantity • Normal good diagram showing that rising income leads to rising quantity • Explicit reference to 'The demand for cotton is particularly sensitive to economic growth because demand is tied to consumer spending on items such as clothing, bed sheets and towels. • Economic growth forecast was 3.7% now 3.4%- incomes are rising • 'When economic growth or consumer incomes rises, demand for these items tends to rise.' Shows likely to be normal good as go in same direction	

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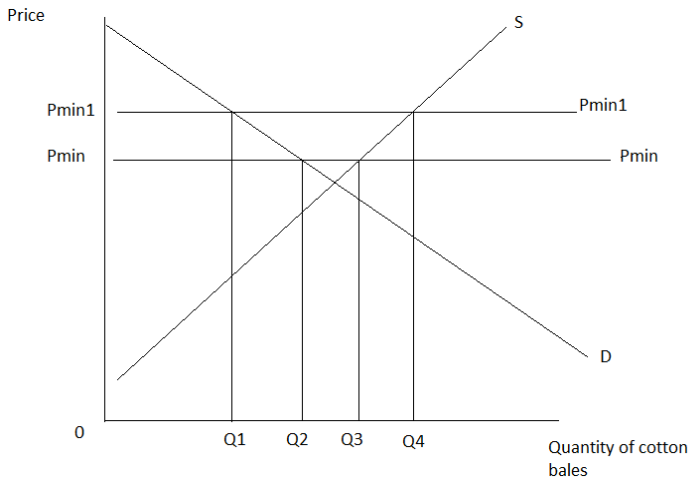
Level	Marks	Descriptor
0	0	A completely inaccurate response.
1	1-2	Shows some awareness of incomes effect on demand.
2	3-4	Understanding of the rising incomes effect on demand for cotton with some application to context.
3	5-6	Clear understanding of how rising incomes will effect demand for cotton with appropriate application to context.

Evaluation – Indicative content		
	• Some clothing may be inferior- incomes rise but demand falls • Time lag- delay before the impact of rising income effects demand • Magnitude-depends on the size of the increase in income • Growth rates could be far lower or higher than stated figures. • Other factors may be more important than income. • Designer clothes may be luxury.	

Level	Marks	Descriptor
0	0	No evaluative comments.
1	1-2	For identifying evaluative comments without explanation.
2	3-4	For evaluative comments supported by relevant reasoning.

Question Number	Answer	Mark
10(c)	**Knowledge, Application and Analysis (Up to 4 marks):** • Finite resources is one that is limited in supply/ scarce/Infinite wants not enough supply to meet them (1) • Use of the item will reduce availability of the item to others/ cannot be reused/can be depleted/non sustainable (1) • Water is a finite resource/accept cotton, chemical or any reasonable from the extract (1) • Limited availability as used up in cotton cultivation/ only 3% available for human consumption/ may run out/ there is competition for consumption/ developing countries predicted to increase water by 50% / developed countries by 18% (1)	**(4)**

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Question Number	Answer	Mark
10(d)		**(14)**
Knowledge, Application and Analysis – Indicative content		
	• Definition of minimum price- the price floor below which firms cannot price/ the lowest price firms can sell for or consumers can buy for • Reasons for its use- e.g. protect suppliers from low prices, low incomes and to encourage investment • If the minimum price is above the market equilibrium it will cause a willingness to supply by firms to generate the higher profits available • Linked to extension of supply and contraction of demand • Changes in producer surplus/ consumer surplus • The government would have to have to spend more money to support if this is a guaranteed minimum price • Cotton producers will earn more revenue/ profits may invest in improving efficiency • Reference to extract Rs 4 050 to Rs 6 500 per bale • Chinese demand is falling minimum price will protect the income of farmers Diagram • Reward where it shows increase in minimum price • Q3-Q2 excess S increases to Q4-Q1 excess S  	

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Level	Marks	Descriptor
0	0	A completely inaccurate response.
1	1-3	Shows some awareness of the effect of a minimum price on cotton. Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.
2	4-6	Understanding of the effect of an increase in minimum price for cotton, with some application to context. This may be supported by an accurately labelled diagram. Material is presented with some relevance but there are likely to be passages which lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect the clarity and coherence.
3	7-8	Clear understanding of the effect of an increase in minimum price for cotton on the cotton market. They will discuss both the effect on producers and consumers. There may be an accurately labelled diagram which is explained and applied effectively to the context. Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found, but the writing has overall clarity and coherence.

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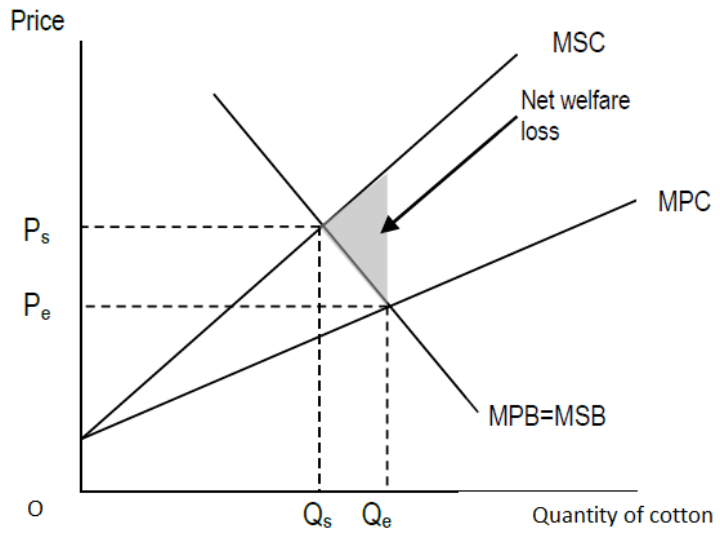
Evaluation – Indicative content		
	• Encouraging cotton- but external costs exist • Stability in price will support incomes of those investing which may encourage expansion of cotton market • Surplus stock leading to a loss of income/revenue • Opportunity cost- if government has to make payments to cotton growers it cannot spend on other priorities- e.g. health/ poverty reduction • Magnitude- potential huge cost to Indian government • The incentive to increase output may have impact on quality • Distortion of markets/inefficiencies/misallocation of resources/market failure • Signalling problems • Impact on other products such as substitutes • Bad for consumers as they pay higher price • The impacts of it not being a guaranteed price • Government failure/cross border training/smuggle	

Level	Marks	Descriptor
0	0	No evaluative comments.
1	1-2	For identifying evaluative comments without explanation.
2	3-4	For evaluative comments supported by some reasoning and application to context.
3	5-6	For evaluative comments supported by relevant reasoning and clear application to context.

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Question Number	Answer	Mark
10(e)		**(14)**
Knowledge, Application and Analysis – Indicative content		
	Definition of external costs/negative externalities **-** cost external to an exchange/negative third party effect/spill over from production/cost which the price mechanism fails to take into account/difference between private costs and social costs Definition of market failure – misallocation/inefficient allocation of resources Explanation of how these external costs are an example of market failure e.g. over production/net welfare loss **Examples of external costs of cotton production:** It is the development of the examples below analysing the impact of each on the 3rd party that will enable access to level 3 • it takes 2 700 litres of water to produce the cotton needed to make a single t-shirt/ pesticide use. • Often the water used has chemicals left in it making it difficult to recycle or reuse. • The impact of the pesticides and chemicals harmful to animals and plant life. Look at the wider effects linked to above e.g. health services, water companies, fishing industries, farmers, local communities (water and visual pollution), conservation work Diagram • Showing net welfare loss • Social optimum and market equilibrium • Accurately labelled MPC and MSC	

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Level	Marks	Descriptor
0	0	A completely inaccurate response.
1	1-3	Shows some awareness of external costs. Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.
2	4-6	Understanding of external costs, with some application to context. This is supported by an accurately labelled diagram. Material is presented with some relevance but there are likely to be passages which lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect the clarity and coherence.
3	7-8	Clear understanding of external costs with effective application to context. This will be supported by an accurately labelled diagram which is explained and applied effectively. Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found, but the writing has overall clarity and coherence.
Evaluation – Indicative content		
	• Magnitude of external costs – 2700 litres per t-shirt suggest heavy water use • A comparison to other materials water usage e.g. nylon, wool • This is average water consumption, Indian consumption may be different • Question the source WWF might be biased • It is an estimate and may not be accurate • Time period: impact of chemicals/ pesticides may be long term- problems may emerge later	

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	• Discussion of possible benefits, e.g. creates employment • Difficulty of putting a monetary value on the external costs- for water pollution etc. • Estimates of costs will not be exact as the impact is spread across a wide area and it will be difficult to measure • firms may R&D (I), government may regulate, consumer pressure reduce water usage	

Level	Marks	Descriptor
0	0	No evaluative comments.
1	1-2	For identifying evaluative comments without explanation.
2	3-4	For evaluative comments supported by some reasoning and application to context.
3	5-6	For evaluative comments supported by relevant reasoning and clear application to context.

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