2	• Knowledge and understanding of some relevant economic concepts is included, using explanations and examples that are limited, over-generalised or contain inaccuracies. • The response addresses the general theme of the question and the relevant economic issues, with limited development. • Analysis is generally accurate with some development but little detail. Uses analytical tools such as diagrams and formulae where necessary. Use of these tools is partially accurate or not fully explained. • Responses are generally logical and coherent but are sometimes lacking in focus or organisation.
1	• A small number of relevant knowledge points are included and the response is limited by significant errors or omissions. • The response has little relevance to the question. • Analysis where provided is largely descriptive. Use of analytical tools such as diagrams and formulae, where necessary, may contain significant errors or be omitted completely. • Responses show limited organisation of economic ideas.
0	No creditable response.

2	• Provides a justified conclusion or judgement that addresses the specific requirements of the question. • Makes developed, reasoned and well-supported evaluative comment(s).
1	• Provides a vague or general conclusion or judgement in relation to the question. • Makes simple evaluative comment(s) with no development and little supporting evidence.
0	No creditable response.

Question	Answer
1(c)	**Consider whether a buffer stock system controlled by the government of Ivory Coast would be likely to prevent fluctuations in the price of cocoa beans.** • A buffer stock system combines both maximum price and minimum price controls / is designed to **minimise** price fluctuations / price falls **(1)** • If the price falls below a certain fixed point / minimum price the government will purchase and store cocoa beans therefore reducing supply/controlling demand to raise the price of cocoa beans **(1).** If the price rises beyond a certain point / maximum price, this buffer stock is released thus increasing supply and reducing the price of cocoa beans **(1).** **Guidance** • A response that **only** refers to governments buying stocks of cocoa beans in times of a surplus and selling them in times of a shortage to **minimise price fluctuations** is worth 1 additional mark maximum for analysis. **Reserve 1 mark for valid evaluation e.g.,** • Cocoa beans may be difficult/expensive to store / perishable/ may be an illegal market set up so it may not prevent fluctuations in the price of cocoa beans / the government do not have the budget to buy any surplus. **(1)** **Guidance** • The eval mark can be awarded even without any analysis marks being given **PROVIDED** there is a reasonable understanding that a buffer stock scheme only works when stocks can be held/released.

Question	Answer
1(d)	**Assess the extent to which the use of a minimum pricing policy would be the best way to ensure 'cocoa bean farmers get paid a living wage'.** **Up to 3 marks for an explanation / analysis of the reasons why the use of a minimum pricing policy would be the best way to ensure cocoa bean farmers get paid a living wage e.g.:** • It ensures that farmers receive a guaranteed price above the equilibrium market price enabling them to receive a higher income • It encourages farmers to maintain / increase production as there is more financial security again leading to a living wage • It reduces the instability caused by fluctuations in the global price of cocoa beans leading to a more stable income for farmers. **Up to 3 marks for an explanation / analysis of the reasons why the use of a minimum pricing policy may not be the best way to ensure cocoa bean farmers get paid a living wage e.g.:** • It may not be set at an appropriate level / may not be enforceable e.g., due to the costs of enforcement • It may lead to a surplus due to increased supply and reduced demand for e.g. chocolate products meaning this surplus may fail to be sold • Budget constraints for the government may make it impossible for them to buy the surplus and this makes the scheme collapse • May make farmers complacent therefore failing to invest and in the LR incomes fall. **Guidance:** • Allow any reasonable point for either perspective, BUT it must be linked how it affects farmer's incomes. • Candidates may choose to compare the advantages and disadvantages of an alternative method e.g., transfer payments / subsidies to farmers. Provided this is clear that **a comparison to a minimum pricing policy** has been attempted, this approach can also gain full marks. • Do not allow answers that refer to minimum wages as the policy or as an alternative. **Note: 4 marks maximum for analysis** • Evaluation that clearly assesses **both** sides **(1)** and comes to a justified conclusion whether it is the best way **(1).**

Question	Answer
1(e)	**Assess the advantages and disadvantages of the government of Ivory Coast continuing to specialise in the production and export of cocoa beans.** **Up to 3 marks for an explanation / analysis of the advantages of the government of Ivory Coast continuing to specialise in the production and export of cocoa beans e.g.:** • It allows producers to benefit from comparative advantage and become even more efficient, which will reduce costs and prices further and increase output • It allows producers to further benefit from the increasing worldwide demand for cocoa beans and increase sales • This can encourage / lead to economic growth as exports increase. **Up to 3 marks for an explanation / analysis of the disadvantages of the government of Ivory Coast continuing to specialise in the production and export of cocoa beans e.g.:** • Dependence on cocoa beans may make the economy vulnerable to global reductions in demand / crop failures • It may mean less land is available for other essential food crops leading to an overreliance on imports • A lack of diversification may hinder economic growth and also make the economy more at risk of external shocks • It may exhaust the supply of cocoa beans and other natural resources leading to unemployment in Ivory Coast. **Note: 4 marks maximum for analysis** • Evaluation that clearly assesses **both** sides **(1)** and comes to a justified conclusion. **(1)**

2(a)	**With the help of a diagram, explain the difference between producer surplus and consumer surplus and consider the extent to which producers always gain when the price of a product increases due to higher costs of production.** Follow the point-based marking guidance at the top of this mark scheme and award: up to 3 marks for AO1 Knowledge and understanding up to 3 marks for AO2 Analysis up to 2 marks for AO3 Evaluation. **AO1 Knowledge and Understanding (max 3 marks)** For an fully accurately drawn diagram that clearly shows the area of consumer surplus below the demand curve and producer surplus above the supply curve **(1)** and that clearly explains that consumer surplus represents the difference between what a consumer is prepared to pay for a product and its market price **(1)** and that producer surplus represents the difference between what a producer is willing to accept and what is actually paid **(1)**. **AO2 Analysis (max 3 marks)** For a correct diagram showing the effect of the higher cost of production on the price of the product **(1)** and explains the impact on the producer in terms of an increase /fall in revenue if the PED is inelastic **(1)** or elastic **(1).** The impact may also depend on whether PES is elastic / inelastic affecting the producer's ability to respond to the price increase **(1)** **Guidance:** The same diagram can be used for both Knowledge and Understanding and analysis. **AO3 Evaluation (max 2 marks)** The extent to which producers will always gain will depend on the value of PED **(1)** the value of PES **(1)** leading to a reasoned conclusion **(1)**
	AO1 Knowledge and understanding
	AO2 Analysis
	AO3 Evaluation

2(b)	**Assess the view that a business should be more concerned about the income elasticity of demand for its product than its cross elasticity of demand when incomes are falling.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** • Analysis of the advantages and disadvantages of using income elasticity of demand. For example, it lets the business know whether it produces inferior or normal goods and therefore what to produce more of when incomes are falling but businesses may not be so flexible. Alternatively, the predictions may be incorrect or the same measurement may not be applicable to all households. • Analysis of the advantages and disadvantages of using cross elasticity of demand. For example, for substitutes, it allows businesses to track the actions of competitors when incomes are falling. For complements, businesses can try to ensure they are aware of the impact on their own products depending on the impact on the complement. However, data may be out of date and make it unreliable. **Level 1 responses** will be assertive and lacking in explanations / mainly descriptive and/or or mainly lacking in relevance to the question. **Level 2 responses** may contain some inaccuracies and may be one sided. Analysis will be explained at least in part and will be largely relevant to the question. **Level 3 responses** will consider alternative policies / concepts etc. and will be balanced. Explanations of points raised will be offered and will be accurate and relevant to the question. **Guidance:** Answers that do not refer to falling incomes cannot gain more than a mid-Level 2 mark. **AO3 Evaluation** That clearly analyses both sides of the question and comes to a valid conclusion. Accept all valid responses. **A one-sided response cannot gain any marks for evaluation.**

2(b)	AO1 Knowledge and understanding and AO2 Analysis
	AO3 Evaluation

Question 11 (Answer: **C**)

- Consumer surplus is the gap between what buyers would pay and what they do pay.
- A tax raises price, and the loss of surplus is greatest when buyers cannot avoid the higher price.
- That is when demand is price *inelastic* – they keep buying and simply pay more.

Question 12 (Answer: **D**)

- Consumer surplus is the excess of willingness to pay over the price actually paid.
- Only those willing to pay at least the fare will travel, so exclude anyone below it.
- Add up the differences for the remaining passengers to get the total consumer surplus.