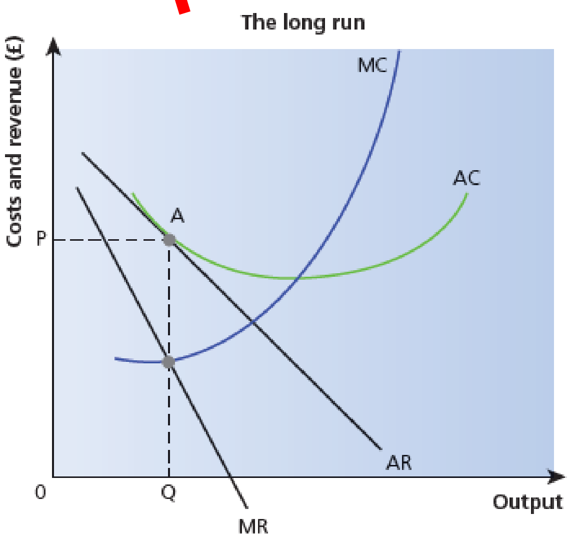
Question Number	Answer	Mark
3(a)	**Analysis 1** **The only correct answer is D** **A** is not correct because there is some differentiation in monopolistic competition aided by advertising and research **B** is not correct because there are many firms in a monopolistic competition market **C** is not correct because goods are not necessarily homogenous in monopolistic competition and some degree of products being heterogeneous is likely to be evident	**(1)**

<table>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>3(b)</td><td>
Knowledge 2 Application 2

AC shown tangential to downward sloping AR curve (2) followed by:

Identification of the profit maximising equilibrium price and output where MC=MR (1)

AC=AR shown at the profit maximising equilibrium (1)



</td><td>(4)</td></tr>
</table>

Question Number	Answer	Mark
5(c)	**Knowledge 1, Analysis 1** **Knowledge** Identification of a benefit of division of labour (1) • Less training needed • Faster production process • Greater output from given workforce • Less time wasted moving between jobs • Increased skill within specific role • Increased efficiency **Analysis** Linked development (1) e.g. A benefit is that the firm only needs to train workers in one specific role (1k) this means that they can lower costs (1an)	**(2)**

Question Number	Indicative content	Mark
7	**Knowledge 4, Application 4, Analysis 8, Evaluation 9** • Definition of a wage differentials • Recognition that labour is a derived demand • Use of labour market diagrams to show the reasons for wage differentials Likely reasons: • Differing demand for labour • Differing levels of supply of labour • Compensatory reasons – skills/qualifications/experience/region/productivity/age • Public versus private sector workers • Problem of a monopsony employer for certain workers • Impact of trade union membership • Impact of immobility of labour • Impact of discrimination • Use of elasticity of demand for labour • Use of elasticity of supply of labour • Current labour market issues – gig economy/zero hours/austerity/gaps in employment for carers **NB – For Level 4 the candidate must refer to a specific industry and the reasons for the wage differentials that exist within it.** **Evaluation** • Significance of the reasons provided • Counterarguments made to the point raised • Extent to which wage differentials may reflect the fact that labour market forces are working efficiently • Extent to which wage differentials may reflect imperfections in the labour market • Likely to be a combination of reasons • Wage differentials may ignore bonuses or other financial/non-financial rewards • Consideration as to whether the wage differentials are increasing or decreasing within the industry • Contrast to alternative industries • Short run versus long run consideration • Increased transparency may reduce pay differentials. • Regulations/National Minimum Wage/unions/public pressure reducing wage differentials. • Gaps in employment becoming shorter or delayed	**(25)**

Knowledge, application and analysis		
Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–4	Displays isolated or imprecise knowledge and understanding of terms, concepts, theories and models. Use of generic or irrelevant information or examples. Descriptive approach which has no chains of reasoning or links between causes and consequences.
Level 2	5–8	Displays elements of knowledge and understanding of economic principles, concepts and theories. Applies economic ideas and relates them to economic problems in context, although does not focus on the broad elements of the question. A narrow response or superficial, two stage chains of reasoning only.
Level 3	9–12	Demonstrates accurate knowledge and understanding of the concepts, principles and models. Ability to apply economic concepts and relate them directly to the broad elements of the question with evidence integrated into the answer. Analysis is clear and coherent, although it may lack balance. Chains of reasoning are developed but the answer may lack balance.
Level 4	13–16	Demonstrates precise knowledge and understanding of the concepts, principles and models. Ability to link knowledge and understanding in context using appropriate examples. Analysis is relevant and focused with evidence fully and reliably integrated. Economic ideas are carefully selected and applied appropriately to economic issues and problems. The answer demonstrates logical and coherent chains of reasoning.

Evaluation		
Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1–3	Identification of generic evaluative comments without supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches which is unbalanced leading to unsubstantiated judgements. Evaluative comments with supporting evidence/reference to context and a partially developed chain of reasoning.
Level 3	7–9	Evaluative comments supported by relevant reasoning and appropriate reference to context. Evaluation recognises different viewpoints and is critical of the evidence provided and/or the assumptions underlying the analysis enabling informed judgements to be made.