**Marking Scheme**

**IG1 Economics Summer Work**

1. (a) Giving an example, define ‘complements’. [2]

Two products that are used / consumed together (1) as demand for one product increases,

demand for the other product increases (1) e.g. laptops and printers or coffee and milk (1).

(b) Explain two reasons why demand for a product may be price-inelastic. (4)

• The product may lack substitutes (1) people may not be able to switch easily to and

from rival producers (1) example such as water (1)

• Demand for the product may be addictive (1) people may find it difficult to reduce

demand significantly for e.g. cigarettes, should the price rise (1).

• The product may take up only a small part of income (1) so a price change will not

have a significant impact on the amount people have to pay (1).

• The purchase of the product cannot be delayed (1) e.g. damaged roof may have to be

repaired quickly even if price rises (1).

(c) Using a demand and supply diagram, analyse the effect of a rise in the price of

coffee on the market for tea. [6]



Up to 4 marks for the diagram:

• axes correctly labelled – price and quantity or P and Q (1)

• demand and supply curves correctly labelled (1)

• demand curve shifted to the right (1)

• correct equilibriums identified either by lines drawn to both axes or equilibrium points

identified e.g. E and E1 (1)

Up to 2 marks for written comments:

• tea and coffee are substitutes (1)

• if the price of a substitute / coffee rises, consumers will switch to rival products / tea

(1)

• the higher demand for tea will raise the price of tea (1).

1. (a) What is meant by a production possibility curve? [2]

• A curve that shows the maximum output of two types of products / combination of two

products (1) that can be made with given resources/technology (1) it shows opportunity

cost (1)

• Allow 1 mark for some understanding shown about potential maximum output

• Allow up to 2 marks for a diagram which is explained – with correct labelling (1) and

correct curve (1)

(b) Explain, giving examples, two factors of production used in the tourism industry. [4]

• Labour which is human effort (1) e.g. tourist guides (1).

• Land which is natural resources (1) e.g. beaches (1).

• Capital which is human-made goods and services used in production (1) e.g. hotels (1)

• Enterprise which is risk bearing and decision making (1) e.g. may be undertaken by the

owner of a hotel (1).

(c) Analyse why doctors are paid more than nurses. [6]

• Doctors need higher qualifications (1) take longer to train (1) reduces supply (1) makes

supply more inelastic (1).

• Doctors are more skilled (1) more productive / efficient (1) in higher demand (1).

• Doctors may have a more powerful professional organisation / trade union (1) giving

them greater bargaining power (1).

• Doctors maybe a different gender to nurses (1) discrimination may occur (1)