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9-Marker Top Tips

- Examiners always value quality over quantity. Forget about the number of points, just develop (chains of analysis) thoroughly.
 - Focus on applying and developing each chain of reasoning rather than listing several separate points.
- Throughout your essay, incorporate the extract; data; personal knowledge or economic terms/concepts/theories/calculations.
 - Application must always be selective, relevant and developed; rather than just stating; it should clearly support your points.
- For evaluation, always evaluate the economic concept in the question first, before considering alternative methods.

Level Based Marking

- 0 marks
 - Completely irrelevant

- Level 1 (1-3 marks)
 - Question has not been directly addressed, but is kind of relevant
 - Some basic knowledge, with little/no development, with limited viewpoints
 - Little/no application
 - No selectivity

- Level 2 (4-6 marks)
 - Points are relevant and valid
 - Basic development of more than one viewpoint
 - Partial application
 - Some evidence of selectivity

- Level 3 (7-9 marks)
 - Points are relevant, valid and selective
 - Strong and thorough development of more than one viewpoint
 - Strong and selective application, which supports points

Question

- Extract:
 - *It is estimated that 23 billion bricks are made each year in Bangladesh. The industry employs over one million people. Demand for bricks is rising due to growth in the construction industry. The production of bricks contributes to the severe air pollution in the country by emitting smoke and dust clouds. Children, the elderly, pregnant women and those with a respiratory or heart condition may be especially affected by the poor air quality.*
- Source:
 - Edexcel, IGCSE, Linear, Standard, 2022 June, Paper 1, Qs 3e
- Question:
 - With reference to the data above and your knowledge of economics, assess the extent to which the costs of producing bricks in Bangladesh are external costs. (9 marks)
- What is the FOCUS of this question?
 - The focus is external costs.
 - Every point must be linked to the costs to third parties, not private costs.

- Possible points:
 - Most vulnerable may be at risk
 - Poor air quality for everyone
 - Reduced labour productivity for firms
 - Government forced to spend more on healthcare

- Possible evaluations:
 - Externalities are hard to quantify
 - Over 1 million workers work in the industry
 - General evaluations: Magnitude | Time-lag | Duration

Model Essay

- External costs are the negative impacts on a third party, in this case, brick production contributes to severe air pollution. This can negatively impact children, the elderly or pregnant women who have weaker health and are the most vulnerable. Even if you are not vulnerable, the smoke and dust clouds being emitted can also reduce the air quality for the rest of society, reducing their quality of life. This can put a massive strain on the health service and use up hospital resources, limiting the availability for other people, hence more negative externalities. Firms in Bangladesh are also negatively impacted, as workers may suffer from small health problems, which over time may accumulate to more sick days, hence reduced labour productivity, increasing costs and reducing profits. The government may also be forced to spend more on healthcare, which may force them to spend less on other crucial sectors of the economy, such as education or infrastructure, negatively affecting the country's growth. Overall, brick production has many external costs.
- However, externalities are hard to quantify; it is hard to place a monetary value on how much someone's life quality is reduced due to smoke and dust clouds, it is likely any estimate would be wrong. Hence, we cannot determine for sure whether brick production has net external costs. Also, the industry employs over one million people; demand for bricks is rising, hence more and more jobs will be created. This reduces unemployment significantly, leading to less poverty and increased national satisfaction, hence a lot of external benefits. Hence, it depends whether the external costs outweigh the external benefits, which is hard to tell.

Mark Scheme

➤ Points

- External costs are negative spillover effects of consumption or production
- Brick production creates an external cost because it affects third parties in a negative way
- This is because it emits smoke and dust into the air which is then breathed in by people in Bangladesh
- Demand for bricks is increasing, causing an increase in air pollution
- The health of children and the elderly can be affected by this pollution but they are not involved in the production of bricks
- Government may have to increase spending on health provision
- Brick production contributes considerably to Bangladesh's severe air pollution problem, creating an external cost

➤ Evaluation

- However, many people in Bangladesh will be customers of the construction industry and the bricks produced
- Therefore, these people are not necessarily third parties and so costs of producing bricks may not be external costs (they create private benefits too)
- It is sometimes difficult to quantify the external costs and so impossible to know whether the elderly or those with a heart condition have been negatively affected by the costs of producing bricks
- Over one million people are employed in the brick production industry in Bangladesh
- Therefore, it could be argued the extent to which the costs of producing bricks in Bangladesh are external, is limited

Examiner's Report

- Top level responses provided a balanced assessment of the extent to which external costs are present in the production of bricks in Bangladesh.