

# Commentary on candidate evidence

The candidate evidence has achieved the following marks for each question of this question paper.

## Question 1(a)

### Candidate A

The answer was awarded **2 marks** (out of 2) because:

- ◆ The candidate gave a description including proportionality (**1 mark**).
- ◆ The candidate gave VAT as an example (**1 mark**).

### Candidate B

The answer was awarded **2 marks** (out of 2) because:

- ◆ The candidate gave a description including proportionality (**1 mark**).
- ◆ The candidate gave VAT as an example (**1 mark**).

### Candidate C

The answer was awarded **1 mark** (out of 2) because:

- ◆ The candidate did not accurately describe a regressive tax (**0 marks**).
- ◆ The candidate gave VAT as an example (**1 mark**).

## Question 1(b)

### Candidate A

The answer was awarded **0 marks** (out of 3) because:

- ◆ The diagram is not fully labelled. (Labels required are price, quantity, D, P and Q,  $P_1$  and  $Q_1$ .)
- ◆ The candidate has not shown an inelastic demand curve where the revenue gained is greater than revenue lost.

As the command word was 'draw', no explanatory text was required after the diagram.

## Candidate B

The answer was awarded **2 marks** (out of 3) because:

- ◆ The candidate did not draw a fully labelled diagram as the demand curve was not labelled. **(0 marks)**.
- ◆ The candidate drew an inelastic demand curve. **(1 mark)**.
- ◆ The candidate identified the lost and gained revenue **(1 mark)**.

As the command word was 'draw', no explanatory text was required after the diagram.

## Candidate C

The answer was awarded **1 mark** (out of 3) because:

- ◆ The candidate did not draw a fully labelled diagram as the demand curve was not labelled. **(0 marks)**.
- ◆ The candidate drew an inelastic demand curve **(1 mark)**.
- ◆ The candidate did not clearly identify the lost and gained revenue **(0 marks)**.

## Candidate D

The answer was awarded **3 marks** (out of 3) because:

- ◆ The candidate drew a fully labelled diagram **(1 mark)**.
- ◆ The candidate drew an inelastic demand curve **(1 mark)**.
- ◆ The candidate clearly identified the lost and gained revenue **(1 mark)**.

As the command word was 'draw', no explanatory text was required after the diagram.

## Question 1(c)

### Candidate A

The answer was awarded **0 marks** (out of 3) because:

- ◆ The candidate has not explained market failure.
- ◆ The answers are simplistic descriptions of public goods, merit goods and positive externalities.

### Candidate B

The answer was awarded **3 marks** (out of 3) because:

- ◆ The candidate identified monopoly as having no competition and linked it to low quality goods and services and higher prices **(1 mark)**.

- ◆ The candidate identified income inequality as an ability to consume based on income and linked it to the ability of higher income earners to have more access to basic necessities **(1 mark)**.
- ◆ The candidate has identified that public goods are underprovided and explained the link between the non-excludability of public goods with the ability to make profits **(1 mark)**.

Full marks were achieved at this point. The candidate also identified that merit goods would be under consumed and explained this was because only those who could afford them would have access to them.

### Candidate C

The answer was awarded **2 marks** (out of 3) because:

- ◆ The candidate linked a lack of competition in monopoly with the ability to over-charge consumers **(1 mark)**.
- ◆ The candidate linked the negative externalities of cars with the spill over effect of environmental damage **(1 mark)**.

Public goods are not explained as a market failure.

## Question 1(d)

### Candidate A

The answer was awarded **3 marks** (out of 3) because:

- ◆ The candidate gave the ability to set fees in higher education **(1 mark)**.
- ◆ The candidate gave the ability to provide free prescriptions **(1 mark)**.
- ◆ The candidate gave the ability to set a minimum unit pricing for alcohol **(1 mark)**.

### Candidate B

The answer was awarded **3 marks** (out of 3) because:

- ◆ The candidate gave the ability to set a minimum unit pricing for alcohol **(1 mark)**.
- ◆ The candidate developed the answer by giving specific instances of restrictions of the sale of alcohol in Scotland **(1 mark)**.
- ◆ The candidate gave the ability to restrict the advertising of tobacco **(1 mark)**.

Full marks were achieved at this point. The candidate also gave decisions about the funding of university places, the funding of prescriptions and hospital parking.

## Candidate C

The answer was awarded **2 marks** (out of 3) because:

- ◆ The candidate gave the ability to set the rate of air passenger duty (**1 mark**).
- ◆ The candidate gave the ability to set a minimum unit price for alcohol (**1 mark**).

## Candidate D

The answer was awarded **2 marks** (out of 3) because:

- ◆ The candidate gave the ability to set fees in higher education (**1 mark**).
- ◆ The candidate gave the ability to set a minimum unit price for alcohol (**1 mark**).

The second point is too vague to be mark worthy

## Question 1(e)

### Candidate A

The answer was awarded **2 marks** (out of 4) because:

- ◆ The candidate did not label 'P' and 'Q' on the diagram (**0 marks**).
- ◆ The candidate drew a demand curve shifted to the left (**1 mark**).
- ◆ The candidate drew a supply curve shifted to the right (**1 mark**).
- ◆ The candidate did not indicate a new equilibrium (**0 marks**).

As the command word was 'draw', no explanatory text was required after the diagram.

### Candidate B

The answer was awarded **4 marks** (out of 4) because:

- ◆ The candidate drew a correctly labelled diagram (**1 mark**).
- ◆ The candidate drew a demand curve shifted to the left (**1 mark**).
- ◆ The candidate drew a supply curve shifted to the left (**1 mark**).
- ◆ The candidate indicated a new equilibrium (**1 mark**).

As the command word was 'draw', no explanatory text was required after the diagram.

## Candidate C

The answer was awarded **4 marks** (out of 4) because:

- ◆ The candidate drew a correctly labelled diagram **(1 mark)**.
- ◆ The candidate drew a demand curve shifted to the left **(1 mark)**.
- ◆ The candidate drew a supply curve shifted to the left **(1 mark)**.
- ◆ The candidate indicated a new equilibrium **(1 mark)**.

As the command word was 'draw', no explanatory text was required after the diagram.

## Question 2(a)

### Candidate A

The answer was awarded **2 marks** (out of 2) because:

- ◆ The candidate gave the job losses in one section of the market leading to the same effect in another **(1 mark)**.
- ◆ The candidate gave an example of the knock-on effect of a lack of customers in leading to a loss of jobs in an industry **(1 mark)**.

### Candidate B

The answer was awarded **2 marks** (out of 2) because:

- ◆ The candidate gave a description of a negative multiplier **(1 mark)**.
- ◆ The candidate gave the knock-on effect of lower employment **(1 mark)**.

Full marks were achieved at this point. The candidate also gave the correct formula for the multiplier.

### Candidate C

The answer was awarded **2 marks** (out of 2) because:

- ◆ The candidate gave an example of job losses leading to lower demand and further job losses **(1 mark)**.
- ◆ The candidate gave the knock-on effect on suppliers of reduced demand **(1 mark)**.

The three paragraphs at the start of the answer are too vague to be mark worthy.

## Question 2(b)

### Candidate A

The answer was awarded **2 marks** (out of 4) because:

- ◆ The candidate linked training opportunities and new skills with access to alternative employment **(1 mark)**.
- ◆ The candidate linked education courses to increased knowledge and this being attractive to employers **(1 mark)**.

The candidate did not gain a mark for introducing work schemes because the explanation was too vague and did not relate to helping them find a new job.

Decreasing income tax is a fiscal policy.

Whilst minimum wage is a supply side policy, it does not help people find a job, which is the question. It is used as an incentive to attract people to the labour market, which does not answer the question.

### Candidate B

The answer was awarded **2 marks** (out of 4) because:

- ◆ The candidate linked education with skills and employability **(1 mark)**.
- ◆ The candidate linked deregulation with increased competitiveness and the ability to employ more staff **(1 mark)**.

Financial incentives are a fiscal, rather than a supply-side, policy. In addition, offering Honda money to take workers back on does not make sense in the context of the question. Similarly, offering childcare does not make sense in the context of the question.

### Candidate C

The answer was awarded **4 marks** (out of 4) because:

- ◆ The candidate linked education with new skills **(1 mark)**.
- ◆ The candidate developed the point about transferable skills being more attractive to employers **(1 mark)**.
- ◆ The candidate linked reducing red tape with reducing costs, making employing staff more attractive **(1 mark)**.
- ◆ The candidate linked increased infrastructure with geographical mobility **(1 mark)**.

The candidate repeated the red tape point in an answer about deregulation.

## Question 2(c)

### Candidate A

The answer was awarded **2 marks** (out of 2) because:

- ◆ The candidate gave an increase in imported cars and a decrease in exported cars **(1 mark)**.
- ◆ The candidate gave a worsening of the Balance of Payments **(1 mark)**.

### Candidate B

The answer was awarded **2 marks** (out of 2) because:

- ◆ The candidate gave an increase in the number of imported cars **(1 mark)**.
- ◆ The candidate gave a worsening of the balance of payments **(1 mark)**.

The candidate flipped the answer by saying there would be a decrease in the number of exports which would worsen the balance of payments.

## Question 2(d)

### Candidate A

The answer was awarded **0 marks** (out of 4) because:

- ◆ A multinational may not control the market, therefore, the first point is not true.
- ◆ In the second point, domestic firms would also exploit a low minimum wage, therefore, this is not a disadvantage specific to multinationals.
- ◆ In the third point, the quality of working conditions is subject to laws in a host country and therefore a multinational would not be able to lower the standard.
- ◆ In the final point, sales of products would happen in the host country.

### Candidate B

The answer was awarded **4 marks** (out of 4) because:

- ◆ The candidate gave repatriating profits **(1 mark)**.
- ◆ The candidate gave out-competing local firms **(1 mark)**.
- ◆ The candidate developed competition with local firm closures **(1 mark)**.
- ◆ The candidate gave potential monopoly power **(1 mark)**.

Full marks were achieved at this point. The candidate also gave exhausting local raw materials and environmental damage.

The first point is too vague.

The final point is referring to low wages, which a domestic firm could take advantage of too, if there were no minimum wage laws in that country, so this is not specific to multinationals.

### Candidate C

The answer was awarded **4 marks** (out of 4) because:

- ◆ The candidate gave leaving high paid positions in the home country **(1 mark)**.
- ◆ The candidate gave increased competition for domestic firms **(1 mark)**.
- ◆ The candidate gave repatriation of profit to the home country **(1 mark)**.
- ◆ The candidate gave problems with recruitment for domestic firms **(1 mark)**.

Full marks were achieved at this point. The candidate also gave the opportunity cost of financial incentives to host firms.

## Question 2(e)

### Candidate A

The answer was awarded **1 mark** (out of 3) because:

- ◆ The candidate gave a description of a quota **(1 mark)**.

The description of a subsidy was too vague. The description of a soft loan was not in relation to trade barriers.

### Candidate B

The answer was awarded **3 marks** (out of 3) because:

- ◆ The candidate gave a description of a quota **(1 mark)**.
- ◆ The candidate gave a description of an embargo **(1 mark)**.
- ◆ The candidate gave a description of a combination of favouring domestic firms and subsidies **(1 mark)**.

Full marks were achieved at this point. The candidate also gave a description of health and safety restrictions.

### Candidate C

The answer was awarded **3 marks** (out of 3) because:

- ◆ The candidate gave a description of a quota **(1 mark)**.
- ◆ The candidate gave a description of an embargo **(1 mark)**.
- ◆ The candidate gave a description of subsidies **(1 mark)**.

The description of a soft loan was not in relation to trade barriers.

## Question 3(a)

### Candidate A

The answer was awarded **3 mark** (out of 3) because:

- ◆ The candidate linked carrying vs not commanding a price **(1 mark)**.
- ◆ The candidate linked limited with abundant supply **(1 mark)**.
- ◆ The candidate linked the examples of a TV and air **(1 mark)**.

Full marks were achieved at this point. The candidate also linked having and not having opportunity cost and linked limited and unlimited supply.

### Candidate B

The answer was awarded **2 mark** (out of 3) because:

- ◆ The candidate linked a limited with an abundant supply **(1 mark)**.

- ◆ The candidate linked the examples of air and a TV. **(1 mark)**.

The candidate wrote two sets of statements which the marker had to link into pairs to show the distinction.

This is not good practice – candidates should create their own pairs of statements.

## Question 3(b)

### Candidate A

The answer was awarded **3 marks** (out of 3) because:

- ◆ The candidate drew a PPC diagram with suitable axes **(1 mark)**.
- ◆ The candidate clearly indicated opportunity cost using numbers **(1 mark)**.
- ◆ The candidate linked the increase in the production of one good leading to a decrease in the production of another **(1 mark)**.

Full were achieved at this point. The candidate also exemplified the concept using numerical example.

### Candidate B

The answer was awarded **2 marks** (out of 3) because:

- ◆ The candidate drew a PPC diagram with suitable axes **(1 mark)**.
- ◆ The candidate clearly indicated opportunity cost using letters **(1 mark)**.

The explanation was not accurate and therefore not mark worthy.

### Candidate C

The answer was awarded **2 marks** (out of 3) because:

- ◆ The candidate drew a PPC diagram with suitable axes **(1 mark)**.
- ◆ The candidate did not clearly indicate the opportunity cost **(0 marks)**.
- ◆ The candidate linked the increase in the production of one good leading to a decrease in the production of another **(1 mark)**.
- ◆

## Question 3(c)(i)

### Candidate A

The answer was awarded **2 marks** (out of 2) because:

- ◆ The candidate gave a description of joint demand **(1 mark)**.
- ◆ The candidate gave an appropriate pair of examples **(1 mark)**.

## Question 3(c)(ii)

### Candidate A

The answer was awarded **2 marks** (out of 2) because:

- ◆ The candidate gave a description of joint supply **(1 mark)**.
- ◆ The candidate gave an appropriate pair of examples **(1 mark)**.

### Candidate B

The answer was awarded **2 marks** (out of 2) because:

- ◆ The candidate gave a description of joint supply **(1 mark)**.
- ◆ The candidate gave an appropriate pair of examples **(1 mark)**.

### Candidate C

The answer was awarded **1 mark** (out of 2) because:

- ◆ The candidate gave a description of joint supply **(1 mark)**.

The examples were not appropriate.

## Question 3(d)

### Candidate A

The answer was awarded **4 marks** (out of 5) because:

- ◆ The candidate gave an example of a Giffen good **(1 mark)**.
- ◆ The candidate explained Giffen goods **(1 mark)**.
- ◆ The candidate explained speculation **(1 mark)**.
- ◆ The candidate gave an example of a speculative good **(1 mark)**.

The explanation about Veblen goods did not gain a mark because it did not relate to consumers purchasing more as the price increased; it just referred to someone wanting to buy a good with a high price to show off and not that as the price increased it attracted more people to purchase it. The example did not gain a mark as marks for examples were only awarded when then original explanation was valid.

In the final point the candidate attempted to explain how an anticipated price rise in the future could make consumers buy more now, even at higher prices, in order to save money in the future. However, the answer was too vague to be awarded a mark.

### Candidate B

The answer was awarded **5 marks** (out of 5) because:

- ◆ The candidate gave an example of a Veblen good **(1 mark)**.
- ◆ The candidate explained Veblen goods **(1 mark)**.
- ◆ The candidate gave an example of a Giffen good **(1 mark)**.
- ◆ The candidate explained Giffen goods **(1 mark)**.
- ◆ The candidate explained speculation **(1 mark)**.

Full marks were achieved at this point.

The candidate also gave an example of speculative good, an explanation of the link between price and quality, and an explanation of the anticipation of rising prices.

### **Candidate C**

The answer was awarded **4 marks** (out of 5) because:

- ◆ The candidate gave an example of a Giffen good **(1 mark)**.
- ◆ The candidate explained Giffen goods **(1 mark)**.
- ◆ The candidate gave an example of a speculative good **(1 mark)**.
- ◆ The candidate explained speculation **(1 mark)**.

The explanation of Veblen goods was unclear and therefore not mark worthy. The example did not gain a mark as marks for examples were only awarded when the original explanation was valid.

## **Question 3(e)**

### **Candidate A**

The answer was awarded **5 marks** (out of 5) because:

- ◆ The candidate gave accurate axes labels **(1 mark)**.
- ◆ The candidate drew a correct ATC curve **(1 mark)**.
- ◆ The candidate drew a correct MC curve **(1 mark)**.
- ◆ The candidate correctly positioned the curves **(1 mark)**.
- ◆ The candidate gave a description of when ATC falls **(1 mark)**.

Full marks were achieved at this point. The candidate also gave a description of when ATC rises.

### **Candidate B**

The answer was awarded **5 marks** (out of 5) because:

- ◆ The candidate gave accurate axis labels **(1 mark)**.
- ◆ The candidate drew a correct ATC curve **(1 mark)**.

- ◆ The candidate drew a correct MC curve **(1 mark)**.
- ◆ The candidate correctly positioned the curves **(1 mark)**.
- ◆ The candidate gave a description of the optimum output **(1 mark)**.

Full marks were achieved at this point. The candidate also gave a description of when ATC is rising and a description of when ATC is falling.

The final point is confused and therefore not mark worthy.

## Candidate C

The answer was awarded **4 marks** (out of 5) because:

- ◆ The candidate gave accurate axis labels **(1 mark)**.
- ◆ The candidate drew a correct ATC curve **(1 mark)**.
- ◆ The candidate drew a correct MC curve **(1 mark)**.
- ◆ The candidate correctly positioned the curves **(1 mark)**.

The descriptive text does not answer the question regarding the relationship between the two curves and is therefore not mark worthy.

## Question 4(a)

### Candidate A

The answer was awarded **0 marks** (out of 2) because:

- ◆ In the first paragraph, 'to improve the standard of living' is inappropriate because it is not in itself a macro-economic objective, but rather a consequence of achieving other objectives such as growth.
- ◆ In the second paragraph, 'to reduce the unemployment rate' is inappropriate because it is too vague for Higher level. This is a National 5 topic, so a higher standard of answer was expected. The words 'low' unemployment or a realistic notional target were needed.
- ◆ In the third paragraph, 'to boost economic growth' is inappropriate because the objective is clearly stated in the SQA course specification as 'sustainable economic growth'.

### Candidate B

The answer was awarded **2 marks** (out of 2) because:

- ◆ The candidate gave keeping unemployment below 4% **(1 mark)**.
- ◆ The candidate gave keeping inflation around 2% **(1 mark)**.

The answer 'having stable economic growth' is too vague to be mark worthy. Sustainable economic growth is the aim.

### Candidate C

The answer was awarded **2 marks** (out of 2) because:

- ◆ The candidate gave having a sustainable rate of growth **(1 mark)**.
- ◆ The candidate gave having high levels of employment **(1 mark)**.

### Candidate D

The answer was awarded **2 marks** (out of 2) because:

- ◆ The candidate gave having low unemployment **(1 mark)**.
- ◆ The candidate gave having sustainable economic growth **(1 mark)**.

## Question 4(b)

### Candidate A

The answer was awarded **1 mark** (out of 4) because:

- ◆ The candidate gave information about what is excluded from CPI **(1 mark)**.

The paragraph does not describe a method of calculating CPI.

The second paragraph is confusing the Living Costs and Food Survey and the basket of goods.

This is a National 5 level question and so a highly accurate description was expected from candidates. There were no marks awarded for vague answers or answers in an illogical order.

### Candidate B

The answer was awarded **4 marks** (out of 4) because:

- ◆ The candidate gave the Living Costs and Food Survey **(1 mark)**.
- ◆ The candidate gave the basket of goods **(1 mark)**.
- ◆ The candidate gave calculating the percentage change **(1 mark)**.
- ◆ The candidate gave information about what is excluded from CPI **(1 mark)**.

### Candidate C

The answer was awarded **4 marks** (out of 4) because:

- ◆ The candidate gave the Living Costs and Food Survey **(1 mark)**.
- ◆ The candidate gave the basket of goods **(1 mark)**.
- ◆ The candidate gave weighting the basket **(1 mark)**.
- ◆ The candidate gave an example of goods in the basket with different weightings **(1 mark)**.

Full marks were achieved at this point. The candidate also gave checking against previous prices, working out an average change and what is excluded from CPI.

## Question 4(c)

### Candidate A

The answer was awarded **5 marks** (out of 5) because ...

- ◆ The candidate linked increased repayments with lower spending power **(1 mark)**.
- ◆ The candidate developed the answer with switching spending patterns **(1 mark)**.
- ◆ The candidate linked greater returns to savers with increased saving **(1 mark)**.
- ◆ The candidate linked increased cost of borrowing with slowing investment by firms **(1 mark)**.
- ◆ The candidate linked lower consumer spending with lower demand for firms and potential redundancies **(1 mark)**.

It should be noted that the use of 'less disposable income' in the first paragraph is an inaccurate term. Disposable income is the difference between gross and net income (ie income after tax) whereas discretionary income is the amount that is available to spend after essential bills have been paid.

### Candidate B

The answer was awarded **2 marks** (out of 5) because:

- ◆ The candidate linked fewer loans being taken by individuals with lower spending on goods and services **(1 mark)**.
- ◆ The candidate linked fewer loans being taken by firms with lower investment and therefore lower output **(1 mark)**.

The first paragraph does not address the impact on individuals or firms.

The second paragraph is unclear.

The third paragraph does not contain an explanation.

### Candidate C

The answer was awarded **2 marks** (out of 5) because:

- ◆ The candidate linked lower demand with job losses **(1 mark)**.
- ◆ The candidate linked lower demand with lower sales and profits for firms **(1 mark)**.

The second paragraph is not clear about why not being able to take out a loan will lead to increased debt by overspending.

The third paragraph does not make a link between lower spending and increasing prices.

The fourth paragraph link between increased saving and help with budgeting is too vague.

In the final paragraph there is no link between increasing interest rates and the need to reduce prices.

## Candidate D

The answer was awarded **4 marks** (out of 5) because:

- ◆ The candidate linked the increased cost of borrowing with lower rates of borrowing by firms **(1 mark)**.
- ◆ The candidate developed the cost of borrowing with lower rates of investment and lower growth and profit **(1 mark)**.
- ◆ The candidate developed increased costs with possible redundancies **(1 mark)**.
- ◆ The candidate linked increased repayments rates with lower spending power **(1 mark)**.

The first point in the second paragraph about less use of credit cards leading to a fall in demand is made better at the end of the paragraph in relation to spending on mortgages.

## Question 4(d)

### Candidate A

The answer was awarded **6 marks** (out of 6) because:

- ◆ The candidate gave increased employment **(1 mark)**.
- ◆ The candidate gave higher wages **(1 mark)**.
- ◆ The candidate gave increased tax revenue **(1 mark)**.
- ◆ The candidate gave income inequality **(1 mark)**.
- ◆ The candidate gave increased inflation **(1 mark)**.
- ◆ The candidate gave increased pollution **(1 mark)**.

Full marks were achieved at this point. The candidate also gave creating a budget deficit.

The candidate has explained every answer which is not necessary in a 'discuss' question.

## Candidate B

The answer was awarded **6 marks** (out of 6) because:

- ◆ The candidate gave increased inflation **(1 mark)**.
- ◆ The candidate gave increased FDI **(1 mark)**.
- ◆ The candidate gave decreased unemployment **(1 mark)**.
- ◆ The candidate gave increased tax revenue **(1 mark)**.
- ◆ The candidate gave increased exports **(1 mark)**.
- ◆ The candidate developed exports with a reduced balance of payments deficit **(1 mark)**.

Full marks were achieved at this point. The candidate also gave a development of FDI with improved infrastructure.

## Candidate C

The answer was awarded **6 marks** (out of 6) because:

- ◆ The candidate gave a higher standard of living **(1 mark)**.
- ◆ The candidate gave decreased unemployment **(1 mark)**.
- ◆ The candidate gave increased FDI (and repeated the point in alternative words) **(1 mark)**.
- ◆ The candidate gave increased tax revenue **(1 mark)**.
- ◆ The candidate developed tax revenue with suggestions for government spending **(1 mark)**.
- ◆ The candidate gave increased pollution **(1 mark)**.

Full marks were achieved at this point. The candidate also gave increased income inequality and increased inflation.

The final point about monopolies is not explicitly related to growth.

## Question 4(e)

### Candidate A

The answer was awarded **1 mark** (out of 3) because:

- ◆ The candidate gave checking economic growth **(1 mark)**.  
In the second paragraph statistics cannot improve standards of living.

In the third paragraph statistics cannot see how interest rates will affect NI.

In the fourth paragraph being able to measure growth is too vague.

In the final paragraph statistics cannot predict the effects of inflation.

## Candidate B

The answer was awarded **3 marks** (out of 3) because:

- ◆ The candidate gave comparing over time **(1 mark)**.
- ◆ The candidate gave comparing with other countries **(1 mark)**.
- ◆ The candidate gave evaluating government policies **(1 mark)**.

Full marks were achieved at this point. The candidate also gave identifying countries in need of aid and calculating contributions to international organisations.

## Candidate C

The answer was awarded **3 marks** (out of 3) because:

- ◆ The candidate gave comparing with other countries **(1 mark)**.
- ◆ The candidate developed the comparison by stating how this is done **(1 mark)**.
- ◆ The candidate gave identifying countries in need of aid (and repeated the point in alternative words) **(1 mark)**.

Full marks were achieved at this point. The candidate also gave calculating contributions to international organisations and developed the point by acknowledging a hierarchy in the level of contribution

## Question 5(a)(i)

### Candidate A

The answer was awarded **1 mark** (out of 4) because:

- ◆ The candidate gave an increase in UK inflation **(1 mark)**.

The second paragraph is too vague with 'will change demand'.

The third paragraph would increase the exchange rate for sterling.

The final paragraph would increase the exchange rate for sterling.

### Candidate B

The answer was awarded **4 marks** (out of 4) because:

- ◆ The candidate gave high inflation in the UK **(1 mark)**.
- ◆ The candidate gave low interest rates in the UK **(1 mark)**.
- ◆ The candidate gave speculation that sterling will fall **(1 mark)**.
- ◆ The candidate gave holidaymakers selling sterling **(1 mark)**.

Full marks were achieved at this point. The candidate also gave government intervention by selling reserve assets.

The point in the centre of the answer did not gain a mark because it was not clear in relation to an increase or decrease in the exchange rate.

### Candidate C

The answer was awarded **3 marks** (out of 4) because:

- ◆ The candidate gave low interest rates (**1 mark**).
- ◆ The candidate developed low interest rates with a decrease in hot money inflows (**1 mark**).
- ◆ The candidate gave a decrease in the value of exports (**1 mark**).

The second paragraph says nothing as the value of sterling is the exchange rate.

The final paragraph refers to increased imports which is a flip repeat of decreased exports.

## Question 5(a)(ii)

### Candidate A

The answer was awarded **1 mark** (out of 3) because:

- ◆ The candidate linked an increase in tourists to an increase in revenue for firms (**1 mark**).

In the first paragraph the candidate suggests raw materials would be cheaper to import which is not correct.

In the final paragraph the candidate cites falling unemployment but gives no explanation as to how/why this links to a weak exchange rate for sterling.

### Candidate B

The answer was awarded **0 marks** (out of 3) because the candidate did not give an accurate explanation of an advantage to a firm of a weak exchange rate.

### Candidate C

The answer was awarded **2 marks** (out of 3) because:

- ◆ The candidate linked that more expensive imported goods with UK firms becoming more price competitive (**1 mark**).
- ◆ The candidate linked cheaper UK exports with increasing revenue for UK firms (**1 mark**).

In the first sentence the candidate suggests that more expensive raw materials lead to lower profits for firms. This is a disadvantage to firms. The question asks for advantages only.

## Question 5(b)

### Candidate A

The answer was awarded **2 marks** (out of 2) because:

- ◆ The candidate gave transfer of assets overseas (**1 mark**).
- ◆ The candidate gave transfer of money overseas (**1 mark**).

Full marks were achieved at this point. The candidate also gave changes in investments and the Reserve Account.

### Candidate B

The answer was awarded **2 marks** (out of 2) because:

- ◆ The candidate gave overseas ownership of assets (**1 mark**).
- ◆ The candidate gave investment from abroad (**1 mark**).

Full marks were achieved at this point. The candidate also gave changes in stocks and shares and a balancing item.

### Candidate C

The answer was awarded **2 marks** (out of 2) because:

- ◆ The candidate gave the transfer of assets abroad (**1 mark**).
- ◆ The candidate gave the flow of money overseas (**1 mark**).

Full marks were achieved at this point. The candidate also gave investment from abroad, investment in stocks and shares, changes in the Reserve Account and a balancing item.

## Question 5(c)

### Candidate A

The answer was awarded **3 marks** (out of 4) because:

- ◆ The candidate gave low economic growth (**1 mark**).
- ◆ The candidate gave small public sector (**1 mark**).
- ◆ The candidate gave poor infrastructure (**1 mark**).

Low GDP is a repeat of low economic growth.

### Candidate B

The answer was awarded **4 marks** (out of 4) because:

- ◆ The candidate gave old technology (**1 mark**).

- ◆ The candidate gave small public sector **(1 mark)**.
- ◆ The candidate gave low GDP **(1 mark)**.
- ◆ The candidate gave low levels of income **(1 mark)**.

Full marks were achieved at this point. The candidate also gave low standard of living.

## Question 5(d)

### Candidate A

The answer was awarded **4 marks** (out of 4) because:

- ◆ The candidate linked debt relief with increase spending elsewhere **(1 mark)**.
- ◆ The candidate linked providing soft loans with access to cheap finance **(1 mark)**.
- ◆ The candidate linked technical assistance with increased output **(1 mark)**.
- ◆ The candidate linked free trade agreements with increased exports **(1 mark)**.

Full marks were achieved at this point. The candidate also linked capital aid with improved production and linked health aid with increased productivity.

The point about educational assistance leading to increased output was a repeat of point 3.

### Candidate B

The answer was awarded **4 marks** (out of 4) because:

- ◆ The candidate linked capital aid with increased productivity **(1 mark)**.
- ◆ The candidate linked education aid with increased skills and knowledge **(1 mark)**.
- ◆ The candidate linked health aid with lowering the number of lost workdays **(1 mark)**.
- ◆ The candidate linked debt relief with increased spending elsewhere **(1 mark)**.

The point about technical aid with the example of training leading to increased output was a repeat of point 2.

## Question 5(e)

### Candidate A

The answer was awarded **2 marks** (out of 3) because:

- ◆ The candidate linked cost of raw materials with lower production costs **(1 mark)**.

- ◆ The candidate linked increased competition with loss of revenue for UK firms **(1 mark)**.

The final point is a repeat of lower costs of production.

### **Candidate B**

The answer was awarded **2 marks** (out of 3) because:

- ◆ The candidate linked a growing middle class with new markets for UK firms **(1 mark)**.
- ◆ The candidate linked increased demand for resources with increasing costs of production **(1 mark)**.