



National  
Qualifications  
2024

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## 2024 Economics

### Higher

## Question Paper Finalised Marking Instructions

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## General marking principles for Higher Economics

*Always apply these general principles. Use them in conjunction with the detailed marking instructions, which identify the key features required in candidates' responses.*

- (a) Always use positive marking. This means candidates accumulate marks for the demonstration of relevant skills, knowledge and understanding; marks are not deducted for errors or omissions.
- (b) If a candidate response does not seem to be covered by either the principles or detailed marking instructions, and you are uncertain how to assess it, you must seek guidance from your team leader.
- (c) For **describe** questions, candidates must make a number of relevant, factual points up to the total mark allocation for the question. These should be key points; they do not need to be in any particular order. Candidates may provide a number of straightforward points or a smaller number of developed points, or a combination of these.

Up to the total mark allocation for this question

- award **1 mark** for each accurate relevant point of knowledge
- award a second mark for any point that is developed from the point of knowledge.

- (d) For **explain** questions, candidates must make a number of points that relate cause and effect and/or make the relationships between things clear, for example by showing connections between a process/situation. These should be key reasons and may include theoretical concepts. There is no need to prioritise the reasons. Candidates may provide a number of straightforward reasons or a smaller number of developed reasons, or a combination of these.

Up to the total mark allocation for this question

- award **1 mark** for each accurate relevant point of reason
- award a second mark for any other point that is developed from the same reason.

- (e) For **discuss** questions, candidates must make a number of points that communicate issues, ideas, or information about a given topic or context that will make a case for and/or against. They do not always need to give both sides of the debate in their response.

Up to the total mark allocation for this question

- award **1 mark** for any accurate point of knowledge that is clearly relevant
- award a second mark for any other point that is developed from the point of knowledge.

Marking instructions for each question

SECTION 1

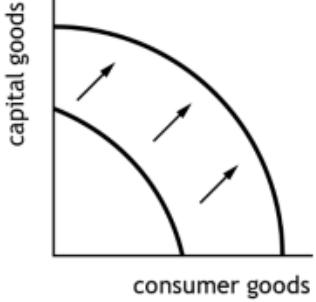
Question		Expected response(s)	Max mark	Additional guidance
1.	(a)	<ul style="list-style-type: none"> <li>sustained increase in the average/general level of prices (1)</li> </ul>	1	<p>Award 1 mark for a valid definition.</p> <p>Accept a decrease in purchasing power of a currency.</p>
	(b)	<ul style="list-style-type: none"> <li>increase in the standard of living (1)</li> <li>increased consumption (1)</li> <li>lower levels of unemployment (1), therefore poverty may reduce (DEV) (1)</li> <li>government will receive more tax revenue (1), therefore higher investment in infrastructure/public services/ability to pay off national debt (DEV) (1)</li> <li>increase in private sector investment to meet demand (1), which could lead to increased productive capacity (DEV) (1)</li> <li>may attract FDI (1), leading to more competition (DEV) (1)</li> </ul>	3	<p>Candidates must describe at least 2 advantages to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for a valid development.</p>
	(c)	<ul style="list-style-type: none"> <li>lack of substitutes (ID) as there are no immediate substitutes for natural gas consumers/firms are unable to switch to alternative energy source when price goes up (EXP) (1)</li> <li>degree of necessity (ID) as energy is an essential product consumers/firms are less responsive to an increase in price (EXP) (1)</li> <li>the time period since the price change (ID) as consumers/firms need time to find alternatives/governments need time to establish alternative electric generation capacity (such as renewables/nuclear) (EXP) (1)</li> </ul>	2	<p>Candidates must explain 2 factors to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(d)	<ul style="list-style-type: none"> <li>• total revenue covers total variable costs (1) as long as price per unit is greater than or equal to average variable cost (DEV) (1)</li> <li>• anticipation of an increase in demand (1)</li> <li>• if shutting down risks losing customer loyalty (1)</li> <li>• if shutting down might jeopardise the efficient working of machinery (1)</li> <li>• costs of shutting down and restarting machinery could be high (1)</li> <li>• if shutting down might result in the loss of skilled staff/recruitment (1)</li> <li>• to avoid paying the cost of redundancy (1)</li> <li>• firms may have large reserves to use to cover losses (1)</li> <li>• may want to keep a presence in certain markets for strategic purposes (1)</li> </ul>	3	<p>Candidates must describe at least 2 reasons to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for a valid development.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(e)	<ul style="list-style-type: none"> <li>• increase minimum wage (ID) working will be more financially rewarding (EXP) (1)</li> <li>• more ‘back to work’ schemes/giving unemployed advice/help with CVs/coaching in employability skills (ID) to improve the employability of the unemployed (EXP) (1)</li> <li>• improving education and training (ID) to improve skills (EXP) (1)</li> <li>• more job centres (ID) make unemployed more aware of vacancies (EXP) (1)</li> <li>• encouraging self-employment/new businesses (ID) providing more jobs for those returning to work (EXP) (1)</li> <li>• reform of the social security system (ID) to make work pay (EXP) (1)</li> <li>• cheaper childcare (ID) encouraging/incentivising new parents to return to work (EXP) (1)</li> <li>• lowering income tax (ID) to make work worthwhile (EXP) (1)</li> <li>• reform pensions (ID) so that tax-free limit is increased/to prevent workers reducing hours/to reduce retiring early/to encourage workers back into the workplace (EXP) (1)</li> <li>• invest in better transport links/infrastructure (ID) meaning unemployed can access jobs in further away locations (EXP) (1)</li> <li>• strategies to help make rented accommodation more readily available/affordable/increase the supply of affordable or social housing (ID) which increases geographical mobility (EXP) (1)</li> </ul>	<b>2</b>	<p>Candidates must explain <b>2</b> policies to gain full marks.</p> <p>Award <b>1 mark</b> for each valid explanation.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(f)	<ul style="list-style-type: none"> <li>• increased government spending on health care (1). This may leave less finance for other government departments/lead to less spending on public services (DEV) (1)</li> <li>• increased government spending on state pensions (1)</li> <li>• the future workforce may have to pay more tax (1)</li> <li>• less tax revenue from working/spending (1) may lead to more government borrowing (DEV) (1)</li> </ul>	2	<p>Award 1 mark for each valid description.</p> <p>Award 1 mark for a valid development.</p>
	(g)	<ul style="list-style-type: none"> <li>• make global economic assessments and predictions (1)</li> <li>• aims to promote international economic co-operation (1)</li> <li>• lends money to governments (1)</li> <li>• give monetary/fiscal/exchange rate policy advice (1)</li> <li>• makes funds available to countries to meet B of P needs (1)</li> <li>• encourages debt relief (1)</li> <li>• promotes stability in exchange rates (1)</li> <li>• assists countries switching to more market-based economics systems (1)</li> </ul>	2	<p>Award 1 mark for each valid description.</p>

Question		Expected response(s)	Max mark	Additional guidance
2.	(a)	<ul style="list-style-type: none"> <li>• when the proportion of tax paid is higher the more income you earn/the proportion of taxation increases as income increases (1)</li> <li>• people on higher incomes will be impacted more than others/ progressive taxation favours those on lower incomes (DEV) (1)</li> <li>• capital gains tax/stamp duty/LBTT is an example of a progressive tax (DEV) (1)</li> <li>• many progressive taxes take into account the ability to pay (1)</li> </ul>	2	<p>Award 1 mark for each valid description.</p> <p>Award 1 mark for a valid development.</p> <p>DNA income tax, as it was given in the stimulus material.</p>
	(b)	<ul style="list-style-type: none"> <li>• increasing the skills of the workforce/providing additional training (1)</li> <li>• increasing division of labour (1)</li> <li>• using new technology/capital (1)</li> <li>• improving management strategies/techniques (1)</li> <li>• giving financial motivations/performance related pay/bonuses (1)</li> </ul>	2	<p>Candidates must describe 2 ways to gain full marks.</p> <p>Award 1 mark for each valid description.</p>

Question	Expected response(s)	Max mark	Additional guidance
(c)	 <p><b>Diagram:</b></p> <ul style="list-style-type: none"> <li>fully labelled diagram (axes labelled capital and consumer goods and a correctly shaped PPC curve) (1)</li> <li>productive potential increase clearly indicated by outward shift (new PPC curve and arrows) (1)</li> </ul> <p><b>Explanation:</b></p> <ul style="list-style-type: none"> <li>outward shift of frontier (ID) as the economy is capable of producing more consumer and capital goods (EXP) (1)</li> <li>existing resources are being used more efficiently (DEV) (1)</li> <li>this could occur if new resources are discovered/technology develops (DEV) (1)</li> </ul>	3	<p>Maximum 2 marks for the diagram.</p> <p>Maximum 2 marks for the explanation.</p> <p>Award 1 mark for each valid explanation.</p> <p>Award 1 mark for a valid development.</p>



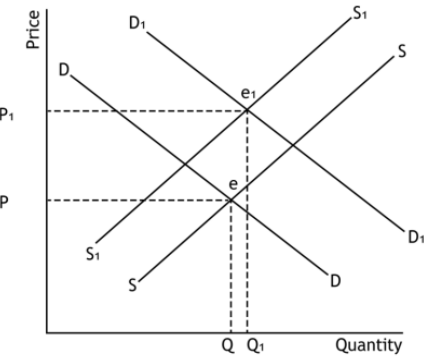
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	(e)	<ul style="list-style-type: none"> <li>• MNCs provides job opportunities (1) as the demand for labour will increase (DEV) (1). This could reduce unemployment (DEV) (1). This could improve their standard of living (DEV) (1)</li> <li>• creates additional tax revenue for the UK government (1). This could be used to improve public services (DEV) (1)</li> <li>• MNCs increase economic growth (1)</li> <li>• creates a cash investment which will improve the UK Balance of Payments (1)</li> <li>• MNCs could improve production methods/introduce new technology (1), which could boost UK productivity (DEV) (1)</li> <li>• MNCs could improve the skills of UK workforce (1). Other organisations in the UK economy can benefit from skills transfer (DEV) (1), leading to greater overall output (DEV) (1)</li> <li>• MNCs may encourage the UK government to invest in better infrastructure (1) to attract further MNCs (DEV) (1)</li> </ul>	4	<p>Candidates must describe at least 2 advantages to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for each valid development.</p>

SECTION 2

Question		Expected response(s)	Max mark	Additional guidance
3.	(a)	<ul style="list-style-type: none"> <li>wants are unlimited but resources are limited (1)</li> <li>it is human nature to never be satisfied (1)</li> <li>scarcity is a relative concept (DEV) (1)</li> <li>scarcity exists in all countries/is universal (DEV) (1)</li> </ul>	2	<p>Award 1 mark for each valid description.</p> <p>Award 1 mark for a valid development.</p>
	(b)	<ul style="list-style-type: none"> <li>resources are allocated using the price mechanism/market forces (1) which automatically allocates resources according to consumer demand/most profitable products (DEV) (1)</li> <li>what to produce is decided by the demand of consumers (1)</li> <li>how to produce is decided by the most efficient/cheapest/profitable method (1)</li> <li>goods are produced for any consumers who can afford to demand the products (1)</li> </ul> <p>Or price mechanism description:</p> <ul style="list-style-type: none"> <li>if the demand for a good/service increases/decreases there will be shortage/surplus (1) and this will cause the market price to rise/fall (DEV) (1)</li> <li>the market price acts as a signal to the producer who is motivated by profit (1)</li> <li>if the market price rises the good will become more profitable to supply than other goods (1)</li> <li>resources are reallocated to the production of the more profitable good/away from less profitable goods (1)</li> </ul>	3	<p>Award 1 mark for each valid description.</p> <p>Award 1 mark for each valid development.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(c) (i)	<p><b>competitive demand</b></p> <ul style="list-style-type: none"> <li>• these are substitute goods/alternative goods which can replace the demand for another good (1)</li> <li>• when consumers can derive equal satisfaction from substitute products (1)</li> <li>• for example, Netflix and Amazon Prime (1)</li> </ul>	2	<p>Award 1 mark for a valid description.</p> <p>Award 1 mark for an example.</p>
	(ii)	<p><b>competitive supply</b></p> <ul style="list-style-type: none"> <li>• when producers supply two products using the same resources/ can switch between their production (1)</li> <li>• when the price of one product increases the producer will switch from producing an alternative product to supplying this now more profitable product (1)</li> <li>• for example, a farmer can produce carrots and potatoes (1)</li> </ul>	2	<p>Award 1 mark for a valid description.</p> <p>Award 1 mark for an example.</p>

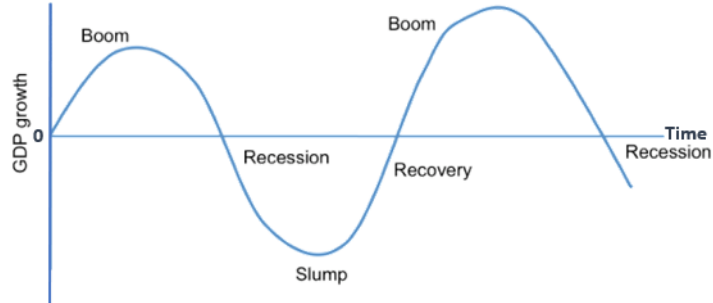
Question	Expected response(s)	Max mark	Additional guidance
(d)	 <ul style="list-style-type: none"> <li>• correctly labelled diagram (axes, D, S, and either P and Q or e) <b>(1)</b></li> <li>• D<sub>1</sub> - demand curve shifting to the right (healthy diet increasing demand) <b>(1)</b></li> <li>• S<sub>1</sub> - supply curve shifting to the left (shortage reducing supply) <b>(1)</b></li> <li>• new equilibrium quantity indicated (either P<sub>1</sub> and Q<sub>1</sub>, or e<sub>1</sub>) <b>(1)</b></li> </ul>	4	<p>Award 4 marks for the diagram.</p> <p>Accept a rise or fall in quantity, depending on the angle of the demand and supply curves and on how far apart the candidate draws the shifts in demand and supply.</p>

Question	Expected response(s)	Max mark	Additional guidance
(e)	<ul style="list-style-type: none"> <li>• the non-provision/under-provision/missing market of public goods (1) public goods are products private firms would not produce, as firms are not able to earn profits from providing them/free rider problem/public goods are products which are non-excludable and non-rival (DEV) (1)</li> <li>• the under-provision/under-consumption of merit goods (1) merit goods are products/services which, if left to free market, many people would not be able to access as they could not afford them (DEV) (1)</li> <li>• the over-consumption/over-provision of de-merit goods (1) de-merit goods are products which have high social costs, which firms do not pay for (DEV) (1)</li> <li>• monopoly where one firm may dominate a market (1) and that firm can take advantage of consumers in the market (DEV) (1)</li> <li>• production of goods/services with negative externalities (1) negative externalities are costs which private firms do not account for in production (DEV) (1) the spill-over effects imposed on a third party (DEV) (1)</li> <li>• under-production or consumption of goods and services with positive externalities (1) these are products which benefit society but may be underprovided by market (DEV) (1) these products won't be provided unless firms receive subsidies (DEV) (1)</li> <li>• emergence of a shadow economy (1) since consumer demand is not being met/price is too high (DEV) (1)</li> <li>• immobility of factors of production (1) leading to unemployed resources (DEV) (1)</li> <li>• inefficient allocation of resources caused by gaps in income due to income inequality (1) some wealthier people have access to more resources than others therefore they have more choice (DEV) (1) they have more money to spend which makes gives them more power over the products deemed profitable by firms (DEV) (1)</li> <li>• information failure may lead to sub-optimal choices (1)</li> </ul>	4	<p>Candidates must describe at least 2 types of market failure to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for each valid development.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(f)	<ul style="list-style-type: none"> <li>• there are many buyers and sellers (1)</li> <li>• there are no barriers to entry and exit (1)</li> <li>• firm is a price taker (1) each firm is so insignificant they cannot alter the market price/they must accept the market price (DEV) (1)</li> <li>• products are homogenous/identical (1)</li> <li>• there is perfect information (1) in that every buyer and seller knows everything that there is to know about the market (DEV) (1)</li> <li>• abnormal profits/losses can only be earned in the short run/only normal profits can be earned in the long run (1)</li> <li>• firms are productively and allocatively efficient (1)</li> <li>• firms have a perfectly elastic demand curve (1)</li> <li>• the firm produces at the point where price is equal to marginal cost (1)</li> <li>• there is no opportunity for economies of scale (1)</li> </ul>	3	<p>Candidates must describe at least 2 characteristics to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for a valid development.</p>

Question		Expected response(s)	Max mark	Additional guidance
4.	(a)	<p><b>individuals</b></p> <ul style="list-style-type: none"> <li>• reduced income (ID) therefore lower standard of living (EXP) (1)</li> <li>• unable to meet spending commitments (for example mortgage, credit agreements, etc) (ID) therefore greater chance of poverty/homelessness/debt (EXP) (1)</li> <li>• loss of skill/motivation (ID) therefore harder to find work in the future (EXP) (1)</li> <li>• potential social consequences (for example increase in crime/increase in divorce rates/worsening health/lower life expectancy/loss of social status, etc) (ID) therefore a lower quality of life (EXP) (1)</li> <li>• those in employment may have to pay higher income tax (ID) to cover the costs of increased Universal Credit (EXP) (1)</li> </ul> <p><b>firms</b></p> <ul style="list-style-type: none"> <li>• consumers are spending less (ID) therefore loss of sales revenue/profits (EXP) (1)</li> <li>• lack of demand (ID) therefore increased business failure (EXP) (1)</li> <li>• lack of demand (ID) may need to reduce staffing levels (EXP) (1) and therefore may need to make redundancy payments (DEV) (1)</li> <li>• consumers may switch to cheaper alternative goods (ID) so firms supplying these may increase their sales (EXP) (1)</li> <li>• incoming labour/new hired staff may be de-skilled (ID) therefore less efficient workforce (EXP) (1) so more needs to be spent on training (DEV) (1)</li> <li>• increased levels of shop lifting/crime (ID) leading to loss of inventory/cash (EXP) (1)</li> <li>• increased pool of labour (ID) so firms can choose the best quality staff (EXP) (1)</li> <li>• increased pool of labour (ID) so wage rates are kept low (EXP) (1) resulting in lower costs of production (DEV) (1)</li> <li>• less risk of industrial action (ID) for fear of losing their job (EXP) (1)</li> </ul>	6	<p>Candidates must explain at least <b>one</b> effect on individuals and <b>one</b> effect on firms to gain full marks.</p> <p>Award <b>1 mark</b> for each valid explanation.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Maximum <b>1 mark</b> for social consequences.</p>



Question		Expected response(s)	Max mark	Additional guidance
	(b)	<ul style="list-style-type: none"> <li>• GDP is at its highest (1)</li> <li>• consumer spending is at its highest (1)</li> <li>• unemployment is at its lowest/full employment (1) due to high levels of demand in the economy (DEV) (1)</li> <li>• profits/investment are at their highest (1)</li> <li>• consumer/business confidence is at its highest (1)</li> <li>• inflation is likely to be at its highest (1) due to high levels of demand-pull pressure in the economy (DEV) (1)</li> </ul>	3	<p>Candidates must describe at least 2 features to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for a valid development.</p>  <p>Award maximum 1 mark for appropriately shaped curve with axes labelled and clearly showing the boom stage.</p>

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(c)		<table border="1"> <thead> <tr> <th>GDP</th> <th rowspan="4" style="writing-mode: vertical-rl; transform: rotate(180deg);">whereas</th> <th>GNP</th> <th></th> </tr> </thead> <tbody> <tr> <td>measures the <b>value</b> of all goods and services produced by all firms within the UK</td> <td>measures the <b>value</b> of goods and services produced by UK firms whether in the UK or abroad</td> <td>(1)</td> </tr> <tr> <td>measures the UK's national output produced in an economy</td> <td>includes GDP plus net property income from abroad</td> <td>(1)</td> </tr> <tr> <td>used by many countries as the main measure of economic activity</td> <td>more accurate/complete measure of economic welfare</td> <td>(1)</td> </tr> <tr> <td>for example includes Highland Spring water produced in Scotland</td> <td>for example includes Boohoo clothes produced in South Asia</td> <td>(1)</td> </tr> </tbody> </table>	GDP	whereas	GNP		measures the <b>value</b> of all goods and services produced by all firms within the UK	measures the <b>value</b> of goods and services produced by UK firms whether in the UK or abroad	(1)	measures the UK's national output produced in an economy	includes GDP plus net property income from abroad	(1)	used by many countries as the main measure of economic activity	more accurate/complete measure of economic welfare	(1)	for example includes Highland Spring water produced in Scotland	for example includes Boohoo clothes produced in South Asia	(1)				2	Award 1 mark for each valid distinction.
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	(d)	<p><b>Monetary policy</b></p> <ul style="list-style-type: none"> <li>• interest rates can be increased (ID)</li> <li>• consumers have less to spend due to higher loan repayments (EXP) (1)</li> <li>• use of credit cards/loans becomes more expensive (EXP) (1)</li> <li>• mortgage repayments go up (EXP) (1)</li> <li>• less demand in the housing market/downward pressure on the price of housing (EXP) (1)</li> <li>• businesses reduce prices to attract customers (EXP) (1)</li> <li>• negative wealth effect and reduction in consumer confidence (EXP) (1)</li> <li>• savings become more attractive so less money in circulation (EXP) (1)</li> </ul> <p><b>Fiscal policy</b></p> <ul style="list-style-type: none"> <li>• increased income tax (ID) leading to lower disposable income/ spending (EXP) (1) which takes the pressure off demand-pull inflation as prices are pushed downwards (DEV) (1)</li> <li>• decrease VAT (ID) firms may choose to reduce prices (EXP) (1)</li> <li>• decreased government spending (ID) leading to lower public sector employment/wages (EXP) (1)</li> <li>• government could remove the ‘triple lock’ on pensions (ID) by increasing the state pension at a rate that is lower than inflation (EXP) (1)</li> </ul>	6	<p>Candidates must explain the use of at least <b>one</b> monetary policy and <b>one</b> fiscal policy to gain full marks.</p> <p>Award <b>1 mark</b> for each valid explanation.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Accept changes to any tax with a valid explanation.</p> <p>Accept any changes to government spending with a valid explanation.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(e)	<ul style="list-style-type: none"> <li>• vary income tax (1)</li> <li>• collect/set Land and Buildings Transaction Tax (1)</li> <li>• control Scottish Landfill Tax (1)</li> <li>• control Air Passenger Duty for passengers flying out of Scotland (1)</li> <li>• giving out free bus passes to under 22s and over 60s (1)</li> <li>• determining the price/promotion of alcohol (1)</li> <li>• awarding of rail passenger franchises (1)</li> <li>• making budgetary decisions on health (1)</li> <li>• making budgetary decisions on education (1)</li> <li>• the ability to build up a budget surplus (1)</li> <li>• capital/resource borrowing powers (1)</li> <li>• some aspects of social security/make budgetary decisions on welfare (1)</li> <li>• full economic decision making on agriculture, forestry &amp; fisheries (1)</li> <li>• full economic decision making on tourism (1)</li> <li>• full economic decision making on economic development (1)</li> <li>• full economic decision making on social housing policy (1)</li> </ul>	<b>3</b>	<p>Candidates must describe <b>3</b> economic powers to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p>

Question		Expected response(s)	Max mark	Additional guidance									
5.	(a)	<ul style="list-style-type: none"> <li>this is gained when a country which has an absolute advantage in no area specialises in the area where its disadvantage is least/in which it is 'least-worst' (1)</li> <li>this is when a country can produce goods/services at a lower opportunity cost than others (1) this means it would sacrifice less of one good in order to produce another good (relative to a second country) (DEV) (1)</li> <li>this shows that even if a country is less efficient at producing all goods and services it should still specialise and trade (1)</li> <li>this would ensure world output/standard of living would increase (DEV) (1)</li> </ul> <table border="1" data-bbox="349 646 1198 833"> <thead> <tr> <th></th> <th>Country A</th> <th>Country B</th> </tr> </thead> <tbody> <tr> <td>Computers</td> <td>3</td> <td>4</td> </tr> <tr> <td>Mobile Phones</td> <td>1</td> <td>2</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Country A has an absolute advantage in neither computers nor mobile phones (1)</li> <li>however, country A has a comparative advantage in computers (1)</li> <li>this is because Country A only has to give up 1/3 mobile phone to make 1 computer, whereas Country B has to give up 1/2 mobile phone to make 1 computer (DEV) (1)</li> <li>Country A should therefore specialise in the production of computers (DEV) (1)</li> </ul>		Country A	Country B	Computers	3	4	Mobile Phones	1	2	3	<p>Award 1 mark for each valid description.</p> <p>Award 1 mark for each valid development.</p>
	Country A	Country B											
Computers	3	4											
Mobile Phones	1	2											

Question		Expected response(s)	Max mark	Additional guidance
	(b) (i)	<ul style="list-style-type: none"> <li>tariff is a tax levied on imported goods (1)</li> <li>quota limits the amount of a product that is allowed into the country (1)</li> <li>subsidy provides domestic firms with funds from the government (1)</li> <li>embargo bans particular products/products from a particular country (1)</li> <li>strict regulation/safety standards set a legal minimum standard of product safety (1)</li> <li>soft loans provide cheap finance to foreign buyers to boost domestic exports (1)</li> <li>government contracts are awarded to domestic firms (1)</li> </ul>	4	<p>Candidates must describe at least 2 types to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for each valid development.</p>
	(ii)	<ul style="list-style-type: none"> <li>to protect infant industries (ID) to give them time to grow/experience economies of scale (EXP) (1)</li> <li>to prevent dumping (ID) so foreign firms cannot sell goods cheaply and destroy local markets (EXP) (1). The US put tariffs on steel to deter China from dumping their excess steel on the US market (DEV) (1)</li> <li>to protect employment (ID) as consumers are encouraged to buy domestic goods (EXP) (1)</li> <li>to prevent a dependence on imports (ID) which causes a deficit in the Balance of Payments (EXP) (1)</li> <li>for strategic reasons (ID) to protect farming and defence in case of war/external shocks (EXP) (1)</li> <li>for political retaliation (ID) as a country has imposed tariffs on your products to their country (EXP) (1)</li> </ul>	4	<p>Candidates must explain at least 2 reasons to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Award 1 mark for each valid development.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(c)	<ul style="list-style-type: none"> <li>• increase in demand of £/decrease in supply of £ (1)</li> <li>• fall in the UK rate of inflation (1)</li> <li>• increase in competitiveness of UK exports (1) leading to more goods/services demanded (DEV) (1)</li> <li>• decrease in imports to the UK (1)</li> <li>• speculation that the exchange rate will increase further (1)</li> <li>• government intervention by buying pounds (1)</li> <li>• increase in tourism to the UK/increase in visitors purchasing sterling (1)</li> <li>• increase in UK interest rates/hot money inflows (1)</li> <li>• increase in FDI (1)</li> </ul>	3	<p>Candidates must describe at least 2 factors to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for a valid development.</p>
	(d)	<ul style="list-style-type: none"> <li>• trade in goods, which is the <b>value</b> of exports of goods minus the <b>value</b> of imports of goods (1) this is usually in deficit in the UK (DEV) (1)</li> <li>• trade in services, which is the <b>value</b> of exports of services minus the <b>value</b> of imports of services (1) this is usually in surplus in the UK (DEV) (1)</li> <li>• investment income/net primary income, for example interest/profits/dividends (1)</li> <li>• transfers/net secondary income, for example, overseas development aid (1)</li> </ul>	3	<p>Candidates must describe at least 2 components to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for a valid development.</p> <p>Titles of components (in bold) not required if descriptions are adequate.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(e)	<ul style="list-style-type: none"> <li>• emergency aid - provide food/shelter/etc in flood/drought/ earthquake (1)</li> <li>• financial aid - give cash or loans (1)</li> <li>• medical aid - provide doctors/medicines/vaccinations/pop-up hospital facilities/etc (1)</li> <li>• debt relief - allow non-payment of debt/debt interest (1)</li> <li>• education aid - provide teachers/teacher education/books/etc (1)</li> <li>• capital equipment - provide machinery/generators/computers (1)</li> <li>• technical expertise - provide engineers/architects/etc (1)</li> <li>• military aid - provide equipment/personnel/etc (1)</li> <li>• project aid - providing support for specific projects (1)</li> <li>• soft loans - loans given at lower-than-normal rates of interest (1)</li> <li>• free trade agreements - removal of trade barriers (1)</li> <li>• tied aid - provide cash on the understanding that it is spent on exports of the donor country (1)</li> <li>• bilateral aid - provide cash from one government directly to the government of another country (1)</li> <li>• multilateral aid - provide cash from a group of countries, or an institution like the World Bank, to one or more recipient countries (1)</li> </ul>	3	<p>Candidates must describe 3 ways to gain full marks.</p> <p>Award 1 mark for each valid description.</p>

[END OF MARKING INSTRUCTIONS]