



National  
Qualifications  
SPECIMEN ONLY

**S822/75/11**

**Economics**

Date — Not applicable

Duration — 2 hours

**Total marks — 90**

**SECTION 1 — 40 marks**

Attempt BOTH questions.

**SECTION 2 — 50 marks**

Attempt ALL questions.

**You may use a calculator.**

Write your answers clearly in the answer booklet provided. In the answer booklet you must clearly identify the question number you are attempting.

Use **blue** or **black** ink.

Before leaving the examination room you must give your answer booklet to the Invigilator; if you do not, you may lose all the marks for this paper.

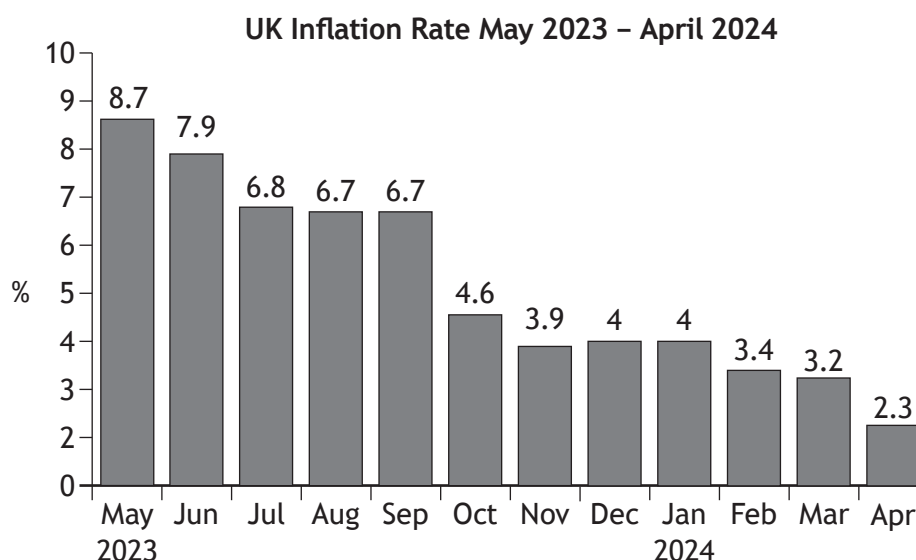


\* S 8 2 2 7 5 1 1 \*

## SECTION 1 — 40 marks

Attempt BOTH questions

1. The UK Government uses direct and indirect taxation as well as government spending to help achieve its aims of a low rate of inflation, a low rate of unemployment and sustained economic growth.



- (a) Describe the trend in the rate of inflation from September to December 2023. 2
- (b) (i) State whether prices have increased or decreased between September and October 2023. 1
- (ii) Justify your answer. 1
- (c) Explain ways in which high inflation negatively affects:
- savers
  - pensioners
  - employees
  - firms
- 4
- (d) Describe, using an example, what is meant by indirect taxation. 2
- (e) Explain the effect of an increase in income tax on:
- individuals
  - firms
  - government.
- 3
- (f) Other than reducing taxes, outline 3 ways in which the government can attempt to increase economic growth. 3
- (g) Draw a fully labelled diagram to show the circular flow of income. 4

**2. UK TRADE 2024**

The UK has a limited quantity and variety of resources to make the goods and services demanded by society, so it must trade with other countries. The UK's main export destinations are the USA, followed by Germany. The highest value UK goods export is cars. In recent years, UK trade with emerging economies has increased.

The majority of UK exports are from the tertiary sector of industry. Most of the UK's imports come from the primary and secondary sectors and the price of these imports can be a significant cost for UK firms. The UK's exports and imports are affected, both positively and negatively, by the exchange rate of sterling.

- |     |  |   |
|-----|--|---|
| (a) | (i) Define the term 'exchange rate'.   | 1 |
|     | (ii) Recently the exchange rate of sterling to US dollars has risen from £1 = \$1.10 to £1 = \$1.30. A person from the UK going to visit the USA has £1,000 to spend.<br>Calculate how many more dollars a UK traveller would receive now. | 2 |
| (b) | (i) Define what is meant by a trading bloc.  | 1 |
|     | (ii) Give an example of a trading bloc.  | 1 |
|     | (iii) Describe the benefits of being a member of a trading bloc.   | 4 |
| (c) | Discuss advantages and disadvantages of global trade.  | 6 |
| (d) | Explain the reasons for the USA being the UK's main trading partner.   | 2 |
| (e) | Outline characteristics of an emerging economy.  | 3 |

[Turn over

## SECTION 2 — 50 marks

Attempt ALL questions

3. (a) Describe, using an example, what is meant by the term ‘opportunity cost’. 2
- (b) Explain the reason for governments having to make choices. 1
- (c) (i) Compare a need with a want. 1
- (ii) Give an example of a need and a want. 2
- (d) Labour is one of the factors of production and the return to labour is wages.
- (i) Outline 2 other factors of production. 2
- (ii) Identify the returns to each of the factors outlined. 2
4. (a) Describe the likely effects of an increase in interest rates on an individual. 3
- (b) Identify a method of borrowing available to individuals. 1
- (c) Explain the reasons for the supply curve usually sloping upwards from left to right. 2
- (d) Explain, using a market diagram, the effect that an increase in cost of sugar (which is a main ingredient of marshmallows) will have on the equilibrium price and quantity of marshmallows. 4
5. (a) (i) Suggest 2 barriers to trade which the UK could put in place. 2
- (ii) Explain the way in which **one** of these barriers to trade would work. 2
- (b) Name **one** developing economy. 1
- (c) Name **one** emerging economy. 1
- (d) Describe 4 types of aid given to developing economies. 4
6. (a) (i) Distinguish between government current and capital spending. 1
- (ii) Give an example of each. 2
- (b) Describe 3 possible causes of increasing unemployment. 3
- (c) (i) Identify 2 main Scottish industries. 2
- (ii) Outline the benefits that these industries may bring to the UK economy. 2

	MARKS
7. (a) Draw a diagram showing total variable cost and total cost.	3
(b) Outline 3 determinants which may increase the demand for strawberries.	3
(c) Explain, using a market diagram, the way in which the market for concert tickets would settle at equilibrium if there was a shortage of tickets.	4

**[END OF SPECIMEN QUESTION PAPER]**

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**S822/75/11**

**Economics**

## Marking Instructions

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These marking instructions have been provided to show how SQA would mark this specimen question paper.

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## General marking principles for National 5 Economics

*This information is provided to help you understand the general principles you must apply when marking candidate responses to questions in this paper. These principles must be read in conjunction with the detailed marking instructions, which identify the key features required in candidate responses.*

- (a) Marks for each candidate response must **always** be assigned in line with these general marking principles and the detailed marking instructions for the relevant question.
- (b) Marking should always be positive. This means that, for each candidate response, marks are accumulated for the demonstration of relevant skills, knowledge and understanding: they are not deducted from a maximum on the basis of errors or omissions.
- (c) If a specific 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.

- (d) i. Questions that ask candidates to Describe ...  
Candidates must make a number of relevant, factual points up to the total mark allocation for the question. These should be key points. The points 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:

- 1 mark should be given for each accurate relevant point of knowledge
- a second mark could be given for any point that is developed from the point of knowledge.

- ii. Questions that ask candidates to Explain ...  
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:

- 1 mark should be given for each accurate relevant point of reason
- a second mark could be given for any other point that is developed from the same reason.

Marking instructions for each question

Question			Expected response(s)	Max mark	Additional guidance
1.	(a)		<ul style="list-style-type: none"> <li>• fell from 6.7% in Sept to 3.9% in Nov (1)</li> <li>• rose from 3.9% in Nov to 4% in Dec (1)</li> <li>• fell from 6.7% in Sept to 4% in Dec (1)</li> <li>• fell by 2.7% from Sept to Dec (1)</li> </ul>	2	<p>Award <b>1 mark</b> for each valid description.</p> <p>Accept without percentages, provided dates are given, eg inflation fell between September and December.</p> <p>Accept without dates provided percentages are given, eg inflation fell from 6.7% to 3.9%.</p> <p>DNA (Do Not Award) with no date and no percentage.</p> <p>Max <b>1 mark</b> if no reference to a decrease.</p> <p>Max <b>1 mark</b> if wrong start and/or end dates are selected.</p>
	(b)	(i)	<ul style="list-style-type: none"> <li>• increased</li> </ul>	1	Award <b>1 mark</b> for a valid statement.
		(ii)	<ul style="list-style-type: none"> <li>• as long as the rate of inflation is positive then prices are rising (1)</li> <li>• the rate of inflation would have to be negative to show that prices are falling (1)</li> </ul>	1	Award <b>1 mark</b> for a valid justification.



Question	Expected response(s)	Max mark	Additional guidance
(c)	<p><b>savers</b></p> <ul style="list-style-type: none"> <li>• savers lose out (ID) as the real value of savings decreases (EXP) (1)</li> </ul> <p><b>pensioners</b></p> <ul style="list-style-type: none"> <li>• pensioners lose out (ID) as they have no control over their income level (EXP) (1)</li> <li>• pensioners lose out (ID) as they cannot negotiate ‘wage’ rises to keep up with inflation (EXP) (1)</li> </ul> <p><b>employees</b></p> <ul style="list-style-type: none"> <li>• workers’ real income falls (ID) so they have to prioritise their spending/make choices about what not to buy anymore (EXP) (1)</li> <li>• workers’ real income falls (ID) so they demand higher wages to maintain their standard of living (EXP) (1)</li> <li>• workers may become unemployed (ID) as firms can no longer afford to employ them (EXP) (1)</li> </ul> <p><b>firms</b></p> <ul style="list-style-type: none"> <li>• cost of raw materials increases (ID) so firms may raise prices to maintain profit margins (EXP) (1)</li> <li>• cost of raw materials increase (ID) so if firms do not raise prices their profit margins will fall (EXP) (1)</li> <li>• consumers spend less (ID) so demand falls (EXP) (1)</li> <li>• demand for products falls (ID) so firms may need to lay off workers (EXP) (1)</li> <li>• costs of production rise (ID) so exporting firms are less competitive abroad (EXP) (1)</li> </ul>	4	<p>Candidates must explain ways for all 4 groups to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Watch for repeats and/or flips.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(d)	<ul style="list-style-type: none"> <li>• an indirect tax is a tax on spending (1)</li> <li>• an indirect tax is collected by an intermediary/third party and sent to the tax authority (1)</li> <li>• VAT/road tax/excise duty/fuel duty (1)</li> </ul>	2	<p>Award 1 mark for a valid description.</p> <p>Award 1 mark for a valid example. DNA 'an indirect tax is collected indirectly ...'</p> <p>Accept <b>any</b> named excise duty, eg duty on cigarettes, alcohol, gambling.</p> <p>Accept any other indirect tax.</p>
	(e)	<p><b>individuals</b></p> <ul style="list-style-type: none"> <li>• decrease disposable income/reduce purchasing power (ID) therefore reduce standard of living (EXP) (1)</li> <li>• lower net pay (ID) therefore have to prioritise spending/cannot buy as many luxuries (EXP) (1)</li> </ul> <p><b>firms</b></p> <ul style="list-style-type: none"> <li>• demand for goods and services from individuals will fall (ID) therefore sales will fall (EXP) (1)</li> <li>• workers have lower disposable income (ID) therefore will ask for pay rise to compensate thus increasing costs (EXP) (1)</li> <li>• reduced profits (ID) therefore need to cut costs/need to increase prices (EXP) (1)</li> </ul> <p><b>government</b></p> <ul style="list-style-type: none"> <li>• increase in tax revenue (ID) therefore able to increase public spending (EXP) (1)</li> <li>• increase in tax revenue (ID) therefore able to reduce borrowing/repay previous borrowing (EXP) (1)</li> </ul>	3	<p>Candidates must explain effects for all 3 groups to gain full marks.</p> <p>Award 1 mark for each valid description.</p>

Question	Expected response(s)	Max mark	Additional guidance
(f)	<ul style="list-style-type: none"> <li>• promote entrepreneurial activity (1)</li> <li>• introduce legislation to encourage competition (1)</li> <li>• subsidise research and development (1)</li> <li>• invest in technology infrastructure/research (1)</li> <li>• improve attainment in school (1)</li> <li>• subsidise apprenticeship/training schemes (1)</li> <li>• build new infrastructure (1)</li> <li>• reclaim land, using brownfield sites (1)</li> </ul>	3	<p>Award 1 mark for each valid outline.</p> <p>Only accept actions that the government could take.</p>
(g)	<ul style="list-style-type: none"> <li>• households/firms (1)</li> <li>• correct direction of all arrows shown (1)</li> <li>• factors of production and goods and services (1)</li> <li>• consumer expenditure and factor incomes (1)</li> </ul>	4	<p>Award 4 marks for the diagram.</p> <p>Accept any recognised terms.</p> <p>Individual factor incomes/factors of production need not be identified.</p> <p>If factors of production are shown as individual names, at least 3 out of 4 must be present, in full or as an abbreviation (eg LLCE).</p> <p>If factor incomes are shown as individual names, at least 3 out of 4 must be present in full or as an abbreviation (eg RWIP).</p> <p>Households/firms can be left, right, top or bottom.</p> <p>No marks for injections or withdrawals, but do not penalise for having them (whether correct or incorrect).</p>

Question			Expected response(s)	Max mark	Additional guidance
2.	(a)	(i)	<ul style="list-style-type: none"> <li>the value/price of one currency in terms of another (1)</li> </ul>	1	Award 1 mark for a valid definition.
		(ii)	<p>was £1,000 = \$1,100 } (1) is £1,000 = \$1,300 }</p> <p>\$1,300 - \$1,100 = \$200 more (1)</p>	2	<p>If no working is shown, award 2 marks for the correct answer.</p> <p>If correct working is shown, but with an incorrect final answer, maximum 1 mark.</p> <p>If '£' (rather than '\$') is given in final answer, maximum 1 mark.</p>
	(b)	(i)	<ul style="list-style-type: none"> <li>a group of countries that make an agreement to reduce or remove barriers to trade (1)</li> </ul>	1	Award 1 mark for a valid definition.
		(ii)	<ul style="list-style-type: none"> <li>EU (1)</li> <li>NAFTA (1)</li> <li>ASEAN (1)</li> </ul>	1	Award 1 mark for a valid example.
		(iii)	<ul style="list-style-type: none"> <li>no tariffs between members (1)</li> <li>no internal border checks/free movement of goods and services within the bloc (1)</li> <li>common external tariff (1)</li> <li>can negotiate trade deals as a bloc (1) putting member countries in a better position to get a good deal (DEV) (1)</li> <li>can attract investment from outwith the bloc (1)</li> </ul>	4	<p>Candidates must describe at least 2 benefits to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for a valid development.</p>

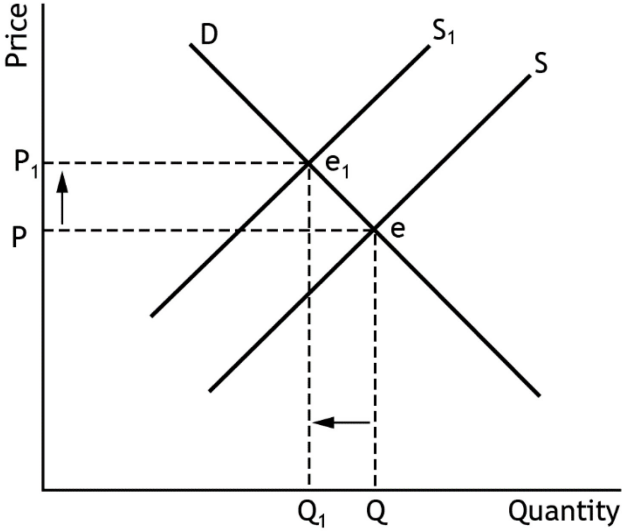
Question		Expected response(s)	Max mark	Additional guidance
	(c)	<p><b>advantages for individuals</b></p> <ul style="list-style-type: none"> <li>• greater choice of goods and services/raw materials (1) including items which are difficult to/cannot be sourced in the home country (DEV) (1)</li> <li>• lower prices of goods and services/raw materials (1)</li> <li>• higher quality of goods and services (1)</li> </ul> <p><b>advantages for firms</b></p> <ul style="list-style-type: none"> <li>• availability of new markets for firms (1)</li> <li>• firms can get economies of scale (1)</li> </ul> <p><b>advantages for government</b></p> <ul style="list-style-type: none"> <li>• less risk of shortages/shortages can be corrected (1)</li> <li>• stimulates greater efficiency in production (1)</li> <li>• can create employment opportunities (1)</li> </ul> <p><b>disadvantages for individuals</b></p> <ul style="list-style-type: none"> <li>• potential job losses (1) which may lead to a fall in standard of living (DEV) (1)</li> </ul>	6	<p>Candidates must describe at least <b>one</b> advantage and <b>one</b> disadvantage to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Award <b>1 mark</b> for a valid development.</p> <p>Watch for repetition.</p> <p>Accept reference to Balance of Payments.</p>

Question		Expected response(s)	Max mark	Additional guidance
		<p><b>disadvantages for firms</b></p> <ul style="list-style-type: none"> <li>• potential loss of customers as customers buy from abroad (1)</li> <li>• lower profits as customers buy from abroad (1)</li> </ul> <p><b>disadvantages for governments</b></p> <ul style="list-style-type: none"> <li>• potential increase in universal credit payments from newly unemployed (1)</li> <li>• potential lower corporation tax as profits of UK firms fall (1)</li> </ul>		
	(d)	<ul style="list-style-type: none"> <li>• USA is culturally like UK (ID), so the USA produces the type of goods that UK consumers want to buy (EXP) (1)</li> <li>• historically many British people emigrated to America (ID) so buy UK goods (such as whisky) to remind them of their ancestral heritage (EXP) (1)</li> <li>• USA speaks English (ID) which makes communicating with trade partners simple (EXP) (1)</li> <li>• low trade barriers (ID) therefore reducing costs (EXP) (1)</li> </ul>	2	<p>Candidates must explain 2 reasons to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p>
	(e)	<ul style="list-style-type: none"> <li>• rising employment in secondary sector (1)</li> <li>• moving from primary to secondary sector (1)</li> <li>• increasing levels of FDI (1)</li> <li>• increasing availability of cheap labour (1)</li> <li>• increasing levels of exports (1)</li> <li>• rising rates of economic growth (1)</li> <li>• increasing levels of infrastructure (1)</li> <li>• increasing levels of education (1)</li> <li>• increasing size of middle class/reducing poverty/rising standards of living (1)</li> </ul>	3	<p>Candidates must outline at least 2 characteristics to gain full marks.</p> <p>Award 1 mark for each valid outline.</p> <p>Each outline must include an indication of change eg 'rising rates of economic growth', not just 'economic growth'.</p>

Question		Expected response(s)	Max mark	Additional guidance	
3.	(a)	<ul style="list-style-type: none"> <li>the sacrifice of the next best alternative forgone (1)</li> <li>if the choice is between a pink t-shirt and a blue t-shirt, and you choose the pink t-shirt then the blue t-shirt is the opportunity cost (1)</li> </ul>	2	<p>Award 1 mark for a valid description.</p> <p>Award 1 mark for a valid example. The description needs to show an understanding of sacrifice.</p> <p>To be awarded the mark, the example must both clearly show the choice <b>and</b> identify the item which is the opportunity cost.</p>	
	(b)	<ul style="list-style-type: none"> <li>governments have limited tax revenue (ID) therefore they have to spend it on what will provide the greatest benefit to society (EXP) (1)</li> </ul>	1	<p>Award 1 mark for a valid explanation.</p> <p>DNA 'to get re-elected' as an explanation.</p>	
	(c)	(i)	<ul style="list-style-type: none"> <li>a need is something that is required for survival WHEREAS a want is something that makes life more pleasant (1)</li> </ul>	1	Award 1 mark for a valid comparison.
		(ii)	<ul style="list-style-type: none"> <li>needs - food/water/shelter (1)</li> <li>wants - tv/freezer/nights out (1)</li> </ul>	2	<p>Candidates must give one example <b>for each</b> to gain full marks.</p> <p>Award 1 mark for each valid example.</p>
	(d)	(i)	<ul style="list-style-type: none"> <li>land - natural resources (1)</li> <li>capital - man-made resources (1)</li> <li>enterprise - bringing together the other factors of production (1)</li> </ul>	2	<p>Candidates must outline 2 factors to gain full marks.</p> <p>Award 1 mark for each valid outline.</p> <p>DNA 'labour' as this is in the stem.</p>
		(ii)	<ul style="list-style-type: none"> <li>land - rent (1)</li> <li>capital - interest (1)</li> <li>enterprise - profit (1)</li> </ul>	2	<p>Award 1 mark for a valid identification.</p> <p>DNA 'wages' as this is in the stem of Q3d(i).</p>

Question		Expected response(s)	Max mark	Additional guidance
4.	(a)	<ul style="list-style-type: none"> <li>• the value of savings will increase (1)</li> <li>• people are likely to save more (1)</li> <li>• cost of mortgage repayments/borrowing will rise (1)</li> <li>• mortgage holders/borrowers will have less to spend on other products (1) therefore their standard of living will fall (DEV) (1)</li> </ul>	3	<p>Candidates must describe at least 2 effects to gain full marks.</p> <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>• mortgage (1)</li> <li>• bank loan (1)</li> <li>• overdraft (1)</li> <li>• hire purchase/leasing (1)</li> <li>• credit card (1)</li> <li>• payday lender (1)</li> </ul>	1	Award 1 mark for a valid identification.
	(c)	<ul style="list-style-type: none"> <li>• producers make more profit per unit at higher prices (ID) so there is an incentive to supply more/so current producers move their resources to the most profitable product (EXP) (1)</li> <li>• new producers might enter the market (ID) because high potential profits attract them to the market (EXP) (1)</li> <li>• when output rises, a firm's costs may rise (ID) therefore a higher price is needed to justify the extra output/cover the extra cost of production (EXP) (1)</li> </ul>	2	<p>Candidates must explain 2 reasons to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p>



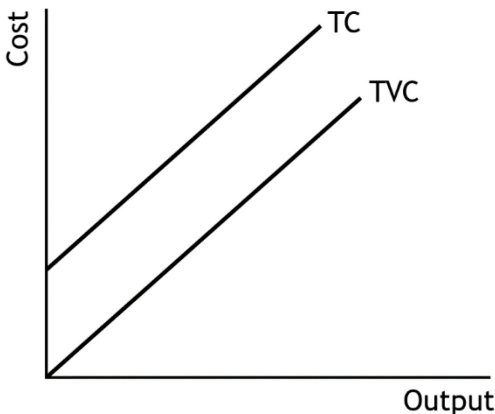
Question	Expected response(s)	Max mark	Additional guidance
(d)	<p style="text-align: center;">Market for Marshmallows</p>  <p>The diagram shows a coordinate system with 'Price' on the vertical axis and 'Quantity' on the horizontal axis. A downward-sloping demand curve 'D' is shown. Two upward-sloping supply curves are shown: 'S' and 'S1'. 'S1' is to the left of 'S', representing a leftward shift in supply. The initial equilibrium point 'e' is at the intersection of 'D' and 'S', with price 'P' and quantity 'Q'. The new equilibrium point 'e1' is at the intersection of 'D' and 'S1', with price 'P1' and quantity 'Q1'. Dashed lines connect these points to their respective values on the axes. An upward arrow on the price axis indicates the increase from P to P1, and a leftward arrow on the quantity axis indicates the decrease from Q to Q1.</p> <p><b>Diagram</b></p> <ul style="list-style-type: none"> <li>• correctly labelled axes and diagram (Price, Quantity, D, S, S<sub>1</sub>, P, Q (and/or e) (1)</li> <li>• shift in supply to left plus label (s<sub>1</sub>) (1)</li> <li>• new p<sub>1</sub> and q<sub>1</sub> (and/or e<sub>1</sub>) (1)</li> </ul> <p><b>Explanation</b></p> <ul style="list-style-type: none"> <li>• the cost of production for marshmallows will rise (ID) therefore the price of marshmallows will rise/which makes them less profitable to produce (EXP) (1) and the quantity supplied will fall (DEV) (1)</li> </ul>	4	<p>Award up to 3 marks for diagram.</p> <p>Award up to 2 marks for explanation.</p> <p>The axes labels must be in full, ie 'Price' and 'Quantity' (rather than 'P' and 'Q').</p>

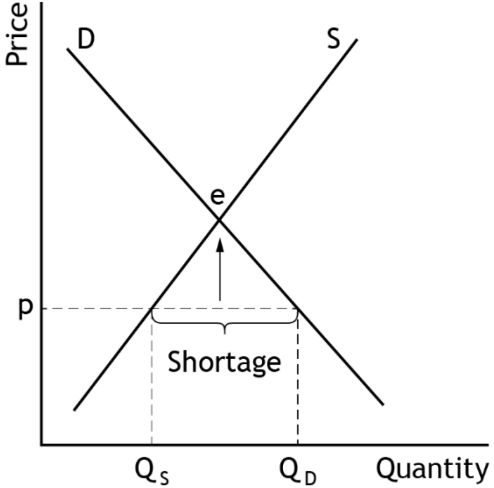
Question			Expected response (s)	Max mark	Additional guidance
5.	(a)	(i)	<ul style="list-style-type: none"> <li>• tariff (1)</li> <li>• quota (1)</li> <li>• embargo (1)</li> <li>• quality standards/legislation (1)</li> <li>• subsidy (1)</li> </ul>	2	<p>Candidates must suggest 2 barriers to gain full marks.</p> <p>Award 1 mark for each valid suggestion.</p>
		(ii)	<ul style="list-style-type: none"> <li>• tariff - taxes imports (ID) therefore raises the price of imports (EXP) (1) and therefore reduces competitiveness of imports (DEV) (1)</li> <li>• quota - limits the number/volume of imports entering a country (ID) therefore once limit is reached no more are available (EXP) (1) and therefore consumers must buy domestic alternatives (DEV) (1)</li> <li>• embargo - bans goods from certain countries/bans certain goods (ID) therefore the product is not available (EXP) (1) and therefore consumers must buy domestic alternatives (DEV) (1)</li> <li>• quality standards - insists on stringent health and safety standards (ID) therefore raises the production cost abroad (EXP) (1) and therefore increases the price/decreases attractiveness/reduces competitiveness of import (DEV) (1)</li> <li>• subsidy - gives cash to a domestic firm (ID) therefore reduces domestic production cost (EXP) (1) therefore firms can reduce prices/makes domestic products more attractive (DEV) (1)</li> </ul>	2	<p>Award 1 mark for each explanation.</p> <p>Award 1 mark for each development.</p> <p>The explanation must match the identifications from (a)(i) above, but do not need to be named again.</p>
	(b)		<ul style="list-style-type: none"> <li>• Malawi (1)</li> <li>• Niger (1)</li> <li>• Chad (1)</li> <li>• Sudan (1)</li> <li>• Somalia (1)</li> <li>• Ivory Coast (1)</li> <li>• Bhutan (1)</li> <li>• Cambodia (1)</li> <li>• Yemen (1)</li> </ul>	1	<p>Award 1 mark for a valid name.</p> <p>DNA 'Africa'</p> <p>Accept any suitable economy at time of answering.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(c)	<ul style="list-style-type: none"> <li>• Brazil (1)</li> <li>• Russia (1)</li> <li>• India (1)</li> <li>• China (1)</li> <li>• South Africa (1)</li> <li>• Mexico (1)</li> <li>• Indonesia (1)</li> <li>• Nigeria (1)</li> <li>• Turkey (1)</li> </ul>	1	<p>Award <b>1 mark</b> for a valid name.</p> <p>The BRICS and MINT countries are given here.</p> <p>Accept any suitable economy at time of answering.</p>
	(d)	<ul style="list-style-type: none"> <li>• emergency aid - providing food/shelter/etc in flood/drought/earthquake (1)</li> <li>• financial aid - giving cash or loans (1)</li> <li>• medical aid - providing doctors/medicines/vaccinations/pop-up hospital facilities, etc (1)</li> <li>• debt relief - allowing non-payment of debt/debt interest (1)</li> <li>• education aid - providing teachers/teacher education/books, etc (1)</li> <li>• capital equipment - providing machinery/generators/ computers, etc (1)</li> <li>• technical expertise - providing engineers, architects, etc (1)</li> <li>• military aid - providing weapons/tanks/soldiers, etc (1)</li> <li>• tied aid - cash provided to a country on the understanding that it is spent on exports of the donor country (1)</li> <li>• bilateral aid - cash provided by the government of one country directly to the government of one country (1)</li> <li>• multilateral aid - cash provided by a group of countries, or an institution such as the World Bank, to one or more recipient countries (1)</li> </ul>	4	<p>Candidates must describe <b>4</b> types to get full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>DNA 'financial aid is giving finance'.</p>

Question			Expected response(s)	Max mark	Additional guidance
6.	(a)	(i)	<ul style="list-style-type: none"> <li>current spending is day to day/short term spending WHEREAS capital spending is long term spending/spending on non-current assets (1)</li> </ul>	1	Award 1 mark for a valid distinction.
		(ii)	<p><b>current spending</b></p> <ul style="list-style-type: none"> <li>jotters for schools (1)</li> <li>bandages for hospitals (1)</li> <li>travel expenses for government ministers (1)</li> <li>meals in prisons (1)</li> </ul> <p><b>capital spending</b></p> <ul style="list-style-type: none"> <li>building a new road (1)</li> <li>building a new hospital (1)</li> <li>decommissioning a nuclear power plant (1)</li> </ul>	2	<p>Candidates must give an example of <b>both</b> current and capital spending to gain full marks.</p> <p>Award 1 mark for each valid example.</p> <p>Examples must be specific.</p>
	(b)		<ul style="list-style-type: none"> <li>cyclical - a downturn in the trade cycle/less demand due to recession (1)</li> <li>structural - a change in the make-up of the economy/some industries no longer required (1)</li> <li>regional - decline of an industry in a specific geographical area (1)</li> <li>seasonal - workers are unemployed due to the nature of their job at certain times of year (1)</li> <li>frictional - workers are between jobs (1)</li> <li>technological - workers have been replaced by machines (1)</li> <li>increased competition from abroad/foreign producers (1)</li> </ul>	3	<p>Candidates must describe 3 causes to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>DNA 'seasonal unemployment is due to the season'.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(c)	(i) <ul style="list-style-type: none"> <li>• oil (1)</li> <li>• whisky (1)</li> <li>• tourism (1)</li> <li>• financial services/banking/insurance (1)</li> <li>• video games development/computer software (1)</li> <li>• textiles (1)</li> <li>• fishing (1)</li> <li>• farming (1)</li> <li>• pharmaceuticals (1)</li> </ul>	2	<p>Candidates must identify 2 industries to gain full marks.</p> <p>Award 1 mark for each valid identification.</p> <p>DNA food or drink unless a product is also named, eg fish processing or bottling spring water.</p>
		(ii) <ul style="list-style-type: none"> <li>• creates employment (1)</li> <li>• creates economic growth (1)</li> <li>• creates tax revenue for government (1)</li> </ul>	2	<p>Candidates must outline 2 benefits to gain full marks.</p> <p>Award 1 mark for each valid outline.</p>

Question		Expected response(s)	Max mark	Additional guidance
7.	(a)	 <ul style="list-style-type: none"> <li>• correctly labelled axes (Cost, Output) (1)</li> <li>• correctly labelled TVC curve (1)</li> <li>• correctly labelled TC curve (1)</li> </ul>	3	<p>Award <b>3 marks</b> for the diagram.</p> <p>Do not penalise for an extraneous total fixed cost curve.</p> <p>DNA 'price' and/or 'quantity' instead of 'cost' and/or 'output' as axes labels.</p> <p>Accept curve name labels in full.</p> <p>Accept VC instead of TVC as a label.</p>
	(b)	<ul style="list-style-type: none"> <li>• season turns to summer (1)</li> <li>• increased advertising/publicity for strawberries (1)</li> <li>• fall in price of cream (a complementary good) (1)</li> <li>• rise in price of raspberries (a substitute good) (1)</li> <li>• use at Wimbledon (becoming fashionable) (1)</li> <li>• increase in income of strawberry eaters (1)</li> <li>• increase in strawberry eating population (1)</li> </ul>	3	<p>Candidates must outline <b>3</b> determinants to gain full marks.</p> <p>Award <b>1 mark</b> for each valid outline.</p> <p>Note that there has to be a change of some sort, eg increasing, falling.</p> <p>DNA price, as the question asks for determinants rather than factors.</p>

Question	Expected response(s)	Max mark	Additional guidance
(c)	 <p><b>Diagram</b></p> <ul style="list-style-type: none"> <li>• correctly labelled axes and diagram (Price, Quantity, D and S, P, <math>Q_s</math> and <math>Q_D</math>) (1)</li> <li>• shortage clearly marked (1)</li> <li>• directional arrow to indicate an upward pressure on price (1)</li> </ul> <p><b>Explanation</b></p> <ul style="list-style-type: none"> <li>• demand is greater than supply (ID) therefore, consumers will 'bid up' the ticket price to get them (EXP) (1) as the price rises, demand falls (DEV) (1)</li> </ul>	4	<p>Award 3 marks for diagram.</p> <p>Award a maximum of 2 marks for an explanation.</p> <p>Allow the label for 'shortage' to read 'excess demand'.</p> <p>Allow <math>Q_D</math> and <math>Q_S</math> to have different appropriate labels.</p> <p>The axes labels must be in full, ie 'Price' and 'Quantity' (rather than 'P' and 'Q').</p>

[END OF SPECIMEN MARKING INSTRUCTIONS]

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**Change since last published:**

Question paper and Marking instruction replaced.