



National  
Qualifications  
2018

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# 2018 Economics

## National 5

### Finalised Marking Instructions

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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: ...

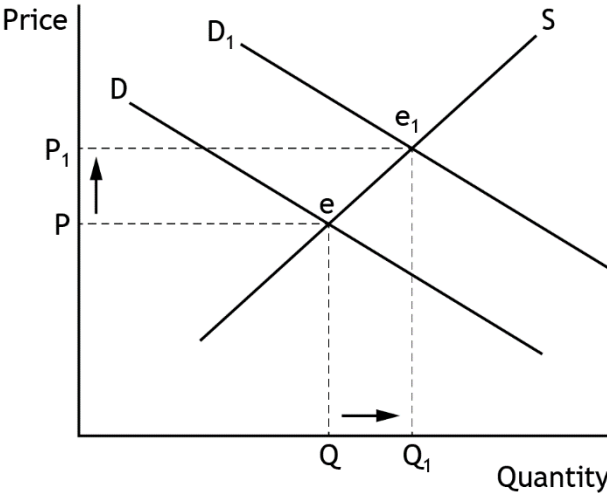
Candidates must make a number of points that relate cause and effect and/or make the relationships between things clear, for example by showing connections between a process/situation. These should be key reasons and may include theoretical concepts. There is no need to prioritise the reasons. Candidates 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)	(i)	<ul style="list-style-type: none"> <li>A market for bottled water is where the buyers and sellers of bottled water come together (1) to set a price and make an exchange (1).</li> </ul>	2	<p>Award 1 mark for each part of the definition.</p> <p>Candidates must mention 'buyers', 'sellers', 'price' and 'exchange' to gain full marks.</p>
		(ii)	<ul style="list-style-type: none"> <li>Income effect - as the price falls consumers are able to buy more with the same amount of income/as price falls real incomes rises (1).</li> <li>Substitution effect - as the price falls consumers switch from a more expensive alternative (1).</li> <li>Law of diminishing marginal utility - as we consume more of a good, the less satisfaction we get from each unit (1) so consumers are prepared to pay less for each additional unit (DEV) (1).</li> <li>Ability to pay - as the price falls consumers can now afford it (1).</li> <li>Willingness to pay - as the price falls consumers get better value for money (1).</li> </ul>	3	<p>Award 1 mark for each description.</p> <p>Maximum 1 mark for development.</p> <p>Accept descriptions which are based on a price increase.</p> <p>It is not necessary to name the 'effect' to achieve a mark.</p>

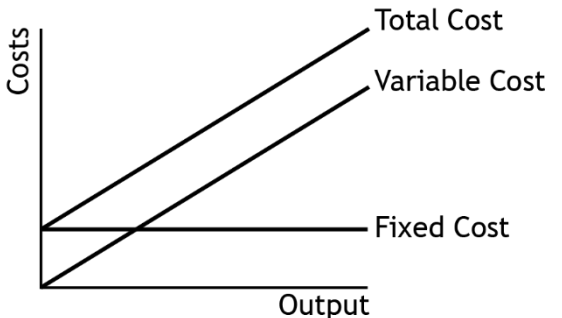
Question	Expected response(s)	Max mark	Additional guidance
(b) (i)	<p style="text-align: center;"><b>Market for Bottled Water</b></p>  <p>The graph shows a supply curve (S) and two demand curves (D and D<sub>1</sub>). The vertical axis is labeled 'Price' and the horizontal axis is labeled 'Quantity'. The initial equilibrium point 'e' is at the intersection of S and D, with price 'P' and quantity 'Q'. A rightward shift to demand curve D<sub>1</sub> moves the equilibrium to point 'e<sub>1</sub>' at price 'P<sub>1</sub>' and quantity 'Q<sub>1</sub>'. An upward arrow on the price axis and a rightward arrow on the quantity axis indicate the direction of change.</p> <ul style="list-style-type: none"> <li>• Demand curve shift to the right plus label D<sub>1</sub> (1).</li> <li>• New P<sub>1</sub> and Q<sub>1</sub> (or e<sub>1</sub>) (1).</li> </ul>	2	No description/explanation required.

Question	Expected response(s)	Max mark	Additional guidance
(ii)	<p style="text-align: center;"><b>Market for Bottled Water</b></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 is labeled 'D'. Two upward-sloping supply curves are shown: the original supply curve 'S' and a new supply curve 'S<sub>1</sub>' shifted to the left. The original equilibrium point 'e' is at the intersection of 'D' and 'S', with price 'P' and quantity 'Q'. The new equilibrium point 'e<sub>1</sub>' is at the intersection of 'D' and 'S<sub>1</sub>', with price 'P<sub>1</sub>' and quantity 'Q<sub>1</sub>'. 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 P<sub>1</sub>, and a leftward arrow on the quantity axis indicates the decrease from Q to Q<sub>1</sub>.</p> <ul style="list-style-type: none"> <li>• Supply curve shift to the left plus label S<sub>1</sub> (1).</li> <li>• New P<sub>1</sub> and Q<sub>1</sub> (or e<sub>1</sub>) (1).</li> </ul>	2	No description/explanation required.
(iii)	<ul style="list-style-type: none"> <li>• Correctly labelled axes and original diagram - Price, Quantity, D, S, P and Q (or e).</li> </ul>	1	Award 1 mark if correct in both (i) and (ii).
(c)	<ul style="list-style-type: none"> <li>• Plastic for bottles.</li> <li>• Paper for labels.</li> <li>• Pallets for transportation.</li> <li>• Workers' wages.</li> </ul>	1	<p>Award 1 mark for any appropriate example for Highland Spring.</p> <p>Do Not Award (DNA) 'raw materials' without link to Highland Spring.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(d) (i)	<ul style="list-style-type: none"> <li>• Tariff - a tax on imports (1).</li> <li>• Quota - a limit on the number/volume of imports (1).</li> <li>• Embargo - a complete ban on products from a particular country/on particular products (1).</li> <li>• Legislation - requiring health and safety standards for imports (1).</li> <li>• Bureaucracy - 'red tape' (1).</li> <li>• Subsidy - cash given to domestic/UK producers (1).</li> </ul>	3	<p>Award 1 mark for each description.</p> <p>No development marks available.</p> <p>Labels not required.</p> <p>If labels are used they must match description.</p>
	(ii)	<ul style="list-style-type: none"> <li>• To reduce imports (1).</li> <li>• To reduce a balance of trade deficit (1).</li> <li>• To protect an infant industry (1).</li> <li>• To protect domestic jobs/increase employment (1).</li> <li>• To protect strategic industries (1).</li> <li>• To prevent harmful/unsafe products entering a country (1).</li> <li>• To raise tax revenue (1).</li> <li>• To improve competitiveness of domestic industries/increase demand for domestic goods (1).</li> <li>• To protect endangered species (1).</li> <li>• To retaliate when other countries put up trade barriers (1).</li> </ul>	3	<p>Award 1 mark for each outline.</p> <p>No development marks available.</p>
	(e)	<ul style="list-style-type: none"> <li>• Complete a survey to find out what average families buy/complete the Living Costs and Food Survey (1).</li> <li>• Give a weight to each item in the basket (1) based on importance/proportion of household spending (DEV) (1).</li> <li>• Gather prices from retailers around the country (1).</li> <li>• Check prices from last time/compare against base year (1).</li> <li>• Calculate percentage change in prices/example of percentage change in price (1).</li> <li>• Add up all the percentage changes and calculate an average change, which is inflation (1).</li> </ul>	3	<p>Award 1 mark for each description.</p> <p>Maximum 1 mark for development.</p> <p>DNA 'basket of goods' without development (as it is given in the question stem).</p> <p>Accept Family Expenditure Survey as it is the outdated name for the Living Costs and Food Survey.</p>

Question		Expected response(s)	Max mark	Additional guidance
2.	(a)	<p>1,600 thousand - 800 thousand =</p> <ul style="list-style-type: none"> <li>800 thousand OR 800,000</li> </ul>	1	<p>Award 1 mark for correct figure.</p> <p>Candidates must show figure in thousands.</p> <p>DNA 800 only.</p>
	(b)	<ul style="list-style-type: none"> <li>Claimant count - counting the number of people claiming the unemployment element of Universal Credit/ JSA (1).</li> <li>Labour force survey - samples (150,000) people (each quarter) and asks about employment status (1).</li> </ul>	2	<p>Award 1 mark for each description.</p> <p>No development marks available.</p> <p>DNA 'claiming benefit' - need to say unemployment element of UC, or unemployment benefit or JSA.</p> <p>DNA 'a survey' without reference to employment status.</p> <p>Labels not required.</p> <p>If labels are used they must match description.</p>
	(c)	<ul style="list-style-type: none"> <li>Cyclical - a downturn in the trade cycle/less demand due to recession (1).</li> <li>Structural unemployment - a change in the make-up of the economy/some industries no longer required (1).</li> <li>Regional unemployment - decline of an industry in a specific geographical area (1).</li> <li>Seasonal unemployment - 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 machinery (1).</li> <li>Increased competition from abroad/foreign products (1).</li> </ul>	3	<p>Award 1 mark for each cause.</p> <p>No development marks available.</p> <p>DNA 'seasonal unemployment due to the season'.</p> <p>Allow exemplification as a description (eg strawberry pickers are unemployed in the winter).</p> <p>Labels not required.</p> <p>If labels are used they must match description.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(d)	<ul style="list-style-type: none"> <li>• Increase in income tax revenue (1).</li> <li>• Increase in VAT receipts (1).</li> <li>• Increase in corporation tax revenue (1).</li> <li>• Less spending on JSA (1).</li> <li>• More revenue is available for other projects (1).</li> <li>• Increase in national income/economic growth (1) because firms are producing more output (DEV) (1).</li> </ul>	3	<p>Award 1 mark for each description.</p> <p>Maximum 1 mark for development.</p> <p>If a general point is made about tax revenue - 1 mark. However, if the candidate goes on to give specific taxes, remove the general mark.</p>
	(e)	<ul style="list-style-type: none"> <li>• Free movement of labour/goods/services/capital (1).</li> <li>• Single market (1).</li> <li>• Common External Tariff (1).</li> </ul>	1	<p>Award 1 mark for outlining a feature.</p> <p>Accept any feature of the EU.</p>
	(f)	<ul style="list-style-type: none"> <li>• No trade barriers (ID) so cheaper to export (EXP) (1).</li> <li>• A large export market (ID) so more opportunities for making sales/profits (EXP) (1) so firms can achieve cost advantages/economies of scale (DEV) (1).</li> <li>• Increased labour pool (ID) so firms can fill skills gaps (EXP) (1).</li> <li>• Can relocate easily within EU (ID) so can take advantage of cheaper labour (EXP) (1).</li> </ul>	3	<p>Award 1 mark for each explanation.</p> <p>Maximum 1 mark for development.</p> <p>DNA 'and therefore increases profits' as a development.</p> <p>Watch for advantages about being a European country or a member of the Eurozone, rather than advantages of being a member of the EU.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(g)	<ul style="list-style-type: none"> <li>• Eurozone firm will get less £ for € (ID) therefore UK exports are dearer (EXP) (1) which makes UK exports less attractive abroad/so exports fall (DEV) (1).</li> <li>• Eurozone firm will get less £ for € (ID) therefore exports become dearer (EXP) (1) which means UK firms may have to reduce prices to remain competitive abroad/or accept reduced profit margin (EXP) (1)/so exports fall (DEV) (1).</li> </ul>	2	<p>Award 1 mark for the explanation of the impact. Award 1 mark for development.</p> <p>Only 1 impact should be explained.</p>
	(h) (i)	<ul style="list-style-type: none"> <li>• Fixed costs stay the same regardless of output (1).</li> </ul>	1	Award 1 mark for definition.
	(ii)	 <ul style="list-style-type: none"> <li>• Correctly labelled axes (Cost, Output) (1).</li> <li>• Correctly labelled VC curve (1).</li> <li>• Correctly labelled FC curve (1).</li> <li>• Correctly labelled TC curve (1).</li> </ul>	4	<p>No description/explanation required.</p> <p>DNA 'Price' and/or 'Quantity' instead of 'Cost' and/or 'Output' as axes labels.</p> <p>Accept curve labels in full or abbreviated.</p> <p>Accept label as TVC or VC.</p> <p>Accept label as TFC or FC.</p>

## Section 2

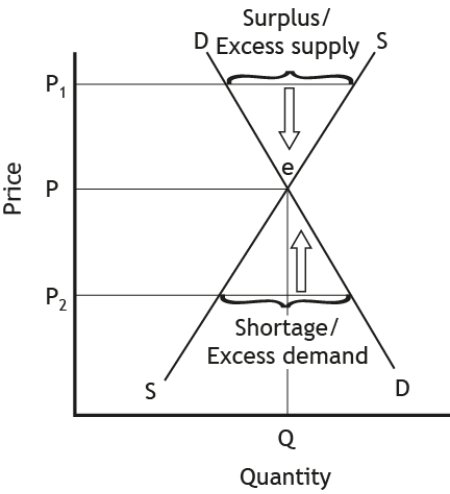
Question			Expected response(s)	Max mark	Additional guidance
3.	(a)	(i)	<ul style="list-style-type: none"> <li>Income tax (1).</li> <li>National insurance (1).</li> <li>Corporation tax (1).</li> <li>Land and buildings transaction tax/Stamp duty (1).</li> <li>Inheritance tax (1).</li> </ul>	1	Award 1 mark for name.  Accept any appropriate tax.
		(ii)	<ul style="list-style-type: none"> <li>Excise duties (1).</li> <li>VAT (1).</li> <li>Business rates (1).</li> <li>Council tax (1).</li> </ul>	1	Award 1 mark for name.  Accept any appropriate tax.
	(b)		<ul style="list-style-type: none"> <li>Deficit.</li> </ul>	1	Award 1 mark for name.
	(c)		When the government gives income to people without receiving economic activity/a good or service in return (1).  <b>Examples</b> <ul style="list-style-type: none"> <li>Social security (1).</li> <li>Old age pensions (1).</li> <li>Child benefit (1).</li> <li>Disability allowance (1).</li> <li>Student grants (1).</li> <li>JSA (1).</li> <li>Universal credit (1).</li> <li>Food vouchers (1).</li> </ul>	3	Award 1 mark for description.  Award 1 mark for each example.  Maximum 2 marks for examples.  DNA subsidies to farmers, exporters or manufacturers which contribute to GDP.  DNA 'benefits' by itself.

Question		Expected response(s)	Max mark	Additional guidance							
	(d)	<table border="1"> <tr> <td><b>Current Spending</b></td> <td rowspan="3" style="text-align: center; vertical-align: middle;"><b>whereas</b></td> <td><b>Capital Spending</b></td> </tr> <tr> <td>short term</td> <td>long term</td> </tr> <tr> <td>day to day</td> <td>used to buy non-current assets</td> </tr> </table>	<b>Current Spending</b>	<b>whereas</b>	<b>Capital Spending</b>	short term	long term	day to day	used to buy non-current assets	1	<p>Award <b>1 mark</b> for a distinguished point.</p> <p>DNA pairs of examples.</p>
<b>Current Spending</b>	<b>whereas</b>	<b>Capital Spending</b>									
short term		long term									
day to day		used to buy non-current assets									
	(e)	<ul style="list-style-type: none"> <li>• Primary - exploiting natural resources <b>(1)</b>.</li> <li>• Secondary - converting natural resources to finished products <b>(1)</b>.</li> <li>• Tertiary - providing services <b>(1)</b>.</li> </ul>	3	<p>Award <b>1 mark</b> for each description.</p> <p>No development marks available.</p> <p>DNA examples as descriptions.</p>							

Question		Expected response(s)		Max mark	Additional guidance																
4.	(a)	<table border="1"> <thead> <tr> <th>Developing</th> <th rowspan="8" style="writing-mode: vertical-rl; transform: rotate(180deg);">whereas</th> <th>Emerging</th> </tr> </thead> <tbody> <tr> <td>low level of economic growth</td> <td>rapid increase in economic growth</td> </tr> <tr> <td>poor standard of living/low GNP per capita</td> <td>improving standard of living/increasing GNP per capita</td> </tr> <tr> <td>dependence on agriculture/primary products</td> <td>moving from primary to manufacturing/secondary production</td> </tr> <tr> <td>exports consist mainly of primary products (eg tea, copper, bananas)</td> <td>large export markets for manufactured goods</td> </tr> <tr> <td>have a lack of capital and equipment</td> <td>have had large investments in capital</td> </tr> <tr> <td>provide inadequate education and training</td> <td>have invested in education and training</td> </tr> <tr> <td>poor infrastructure</td> <td>improving infrastructure</td> </tr> </tbody> </table>	Developing	whereas	Emerging	low level of economic growth	rapid increase in economic growth	poor standard of living/low GNP per capita	improving standard of living/increasing GNP per capita	dependence on agriculture/primary products	moving from primary to manufacturing/secondary production	exports consist mainly of primary products (eg tea, copper, bananas)	large export markets for manufactured goods	have a lack of capital and equipment	have had large investments in capital	provide inadequate education and training	have invested in education and training	poor infrastructure	improving infrastructure	3	<p>Award 1 mark for each comparison.</p> <p>Candidates must compare like with like.</p> <p>DNA 'developing countries have a poor standard of living but emerging economies <u>don't</u>'.</p> <p>DNA social, rather than economic, characteristics.</p>
Developing	whereas	Emerging																			
low level of economic growth		rapid increase in economic growth																			
poor standard of living/low GNP per capita		improving standard of living/increasing GNP per capita																			
dependence on agriculture/primary products		moving from primary to manufacturing/secondary production																			
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have a lack of capital and equipment		have had large investments in capital																			
provide inadequate education and training		have invested in education and training																			
poor infrastructure		improving infrastructure																			

Question		Expected response(s)	Max mark	Additional guidance
	(b)	<p><b>Advantages:</b></p> <ul style="list-style-type: none"> <li>• Increases job opportunities (1).</li> <li>• Reduces JSA payments (1).</li> <li>• Increases tax revenue (1).</li> <li>• Brings managerial skills (1).</li> <li>• Increases output/creates economic growth (1).</li> <li>• Boosts local economy (1).</li> <li>• May bring innovations that can boost other firms (1).</li> </ul> <p><b>Disadvantages:</b></p> <ul style="list-style-type: none"> <li>• Negative impact on competing firms (1).</li> <li>• May only provide 'screwdriver jobs' (1).</li> <li>• External costs - traffic congestion/pollution (1).</li> <li>• Repatriation of profits to home country (1).</li> <li>• Cost of government incentives (1).</li> <li>• Senior positions may be brought from home country/senior positions may be kept in home country (1).</li> </ul>	4	<p>Award <b>1 mark</b> for each advantage or disadvantage.</p> <p>No development marks available.</p> <p>Maximum <b>2 marks</b> for advantages.</p> <p>Maximum <b>2 marks</b> for disadvantages.</p>
	(c) (i)	An exchange rate is the price of one currency in terms of another (1).	1	Award <b>1 mark</b> for definition.

Question		Expected response(s)	Max mark	Additional guidance
	(ii)	$£10 \times €1.10 = €11$ (1).	1	Award 1 mark for price.
	(iii)	$£10 \times €1.20 = €12$ Therefore, the difference is €1 (1).	1	Award 1 mark for difference in price.  Allow consequentiality.

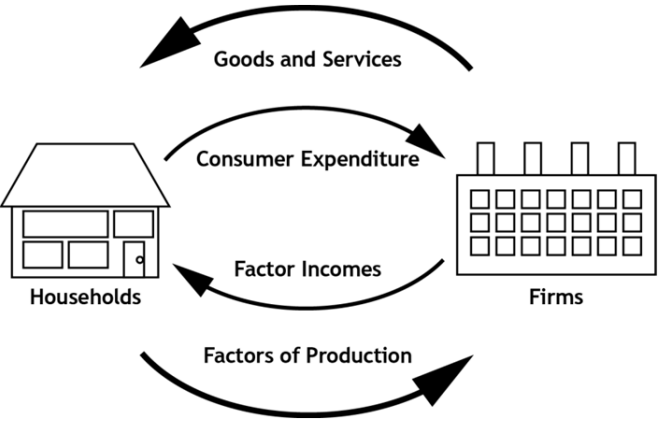
Question	Expected response(s)	Max mark	Additional guidance
5. (a)	 <ul style="list-style-type: none"> <li>• Correctly labelled axes and diagram (Price, Quantity, D and S, P and Q or e) (1).</li> <li>• Showing surplus/excess supply with price above equilibrium (1).</li> <li>• Showing shortage/excess demand with price below equilibrium (1).</li> <li>• Supply &gt; demand (ID) therefore suppliers decrease price (EXP) (1) to get rid of surplus inventory (DEV) (1) until D=S (1).</li> <li>• Demand &gt; supply (ID) therefore suppliers increase price (EXP) (1) to discourage buyers (DEV) (1) or to make a higher profit (DEV) (1) until D=S (1).</li> <li>• Price above equilibrium: price is forced down (ID) because demand is less than supply/there is unsold inventory/surplus (EXP) (1).</li> <li>• Price below equilibrium: price is bid up (ID) because demand is greater than supply/shortage (EXP) (1).</li> </ul>	4	<p>Maximum 3 marks for diagram. Maximum 3 marks for explanation.</p> <p>Arrows towards equilibrium not essential.</p> <p>Candidates do not need to give explanations for both surplus and shortage to gain full marks.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(b)	<ul style="list-style-type: none"> <li>• Good weather in Scotland (1).</li> <li>• Successful promotion of the area (1).</li> <li>• Rise in the price of alternatives (1).</li> <li>• Increase in fashion for 'staycations' (1).</li> <li>• Price of the £ falls (1).</li> <li>• Decrease in real incomes (people substitute UK for foreign holidays) (1).</li> <li>• Increase in income (people can afford more holidays/short breaks) (1).</li> <li>• Improvement of tourist attractions (eg Sealife Centre) (1).</li> <li>• Improvement in infrastructure (eg roads, airports, ferry terminals) (1).</li> <li>• Lower priced complementary goods (eg cheap golf) (1).</li> </ul>	4	<p>Award <b>1 mark</b> for each description.</p> <p>No development marks available.</p>
	(c)	<ul style="list-style-type: none"> <li>• Producers get more profit per unit/profit motive (ID) so they are willing to supply more (EXP) (1).</li> <li>• Higher prices make producing more profitable (ID) so new producers might enter the market/current producers will move resources (EXP) (1).</li> </ul>	2	<p>Award <b>1 mark</b> for each explanation.</p>

Question			Expected response(s)	Max mark	Additional guidance
6.	(a)	(i)	<ul style="list-style-type: none"> <li>• Banks (eg Bank of Scotland) (1).</li> <li>• Building Societies (eg Nationwide) (1).</li> <li>• Credit Unions (1).</li> <li>• Finance Companies (eg Provident) (1).</li> <li>• Pay Day Loan Companies (eg Wonga) (1).</li> </ul>	2	<p>Award <b>1 mark</b> for each type of institution.</p> <p>Must be 2 different types of institution.</p> <p>Accept generic or specific names - both are not required.</p>
		(ii)	<ul style="list-style-type: none"> <li>• Do not borrow more than you can repay/make sure you can keep up with repayments (1).</li> <li>• Compare rates of interest before borrowing (1).</li> <li>• Do not borrow for non-essentials (1).</li> <li>• Do not borrow if your job is insecure (1).</li> <li>• Check if there are penalties for late payment (1).</li> <li>• Complete a personal income and expenditure statement/cash budget to calculate affordability (1).</li> <li>• Term of loan should not be longer than the life of the asset (1).</li> </ul>	2	<p>Award <b>1 mark</b> for each suggestion.</p> <p>No development marks available.</p> <p>Accept any other suitable piece of advice.</p>
	(b)		<ul style="list-style-type: none"> <li>• Increases the cost of borrowing (ID) therefore people have to pay back more (EXP) (1).</li> <li>• Increases the cost of borrowing (ID) therefore people will borrow less (EXP) (1).</li> <li>• Increases mortgage repayments (ID) therefore people have less to spend on other products (EXP) (1) and their standard of living might fall (DEV) (1).</li> <li>• Increases the cost of buying a house (ID) therefore people are more likely to rent (EXP) (1).</li> <li>• Decreases the capital value of properties (ID) as less people can afford to get on the housing ladder (EXP) (1).</li> </ul>	3	<p>Award <b>1 mark</b> for each explanation or development.</p> <p>Maximum <b>1 mark</b> for development.</p> <p>DNA repeat explanations.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(c)	<ul style="list-style-type: none"> <li>• There are unlimited wants (1).</li> <li>• There are limited resources (1).</li> <li>• When we combine unlimited wants and limited resources there will never be enough resources to satisfy all wants at any one point in time (1).</li> <li>• Wants are unlimited because of advertising/greed/new technology/replacement (1 max).</li> <li>• Resources are limited eg labour is limited to the available workforce/land is limited to the quality/quantity available/capital is limited by the amount of investment (1 max).</li> </ul>	3	<p>Award 1 mark for each description.</p> <p>Candidates must mention unlimited wants and limited resources to gain full marks.</p>

Question			Expected response(s)	Max mark	Additional guidance
7.	(a)	(i)	<ul style="list-style-type: none"> <li>• Demand-pull (1).</li> <li>• Cost-push (1).</li> <li>• Imported inflation (1).</li> <li>• Changes in the money supply/monetary inflation (1).</li> </ul>	2	Award 1 mark for each name.
		(ii)	<ul style="list-style-type: none"> <li>• Demand-pull - when demand is greater than supply (1).</li> <li>• Cost-push - when costs of production rise (1).</li> <li>• Imported inflation - when cost of imports rise/fall in the value of Sterling (1).</li> <li>• Changes in the money supply/monetary inflation - when the money supply grows faster than output (1).</li> </ul>	2	<p>Award 1 mark for each description.</p> <p>No development marks available.</p> <p>Allow consequentiality - if wrongly named in (i), accept a suitable description of the concept in (ii).</p> <p>Accept applied causes.</p>
	(b)		<ul style="list-style-type: none"> <li>• Improve quality/quantity of resources (1).</li> <li>• Invest in technology infrastructure/research (1).</li> <li>• Improve education/increase attainment in schools (1).</li> <li>• Encourage new management techniques (1).</li> <li>• Build new infrastructure (1).</li> <li>• Reclaim land, using green/brownfield sites (1).</li> <li>• Promote entrepreneurial activity (1).</li> <li>• Introduce legislation to encourage competition (1).</li> <li>• Subsidise research and development (1).</li> <li>• Subsidise apprenticeships/training schemes (1).</li> </ul>	2	<p>Award 1 mark for each description.</p> <p>No development marks available.</p> <p>Accept any answer which relates to increasing output, increasing AMD, fiscal policies, supply side policies, changes in the circular flow.</p>

Question	Expected response(s)	Max mark	Additional guidance
(c)	 <ul style="list-style-type: none"> <li>• Households/firms (1).</li> <li>• Correct direction of all arrows shown (1).</li> <li>• Consumer expenditure/expenditure (1).</li> <li>• Factor incomes/income (1).</li> </ul>	4	<p>Accept any recognised terms.</p> <p>Individual factor incomes need not be identified.</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.</p> <p>Ignore factors of production/goods and services given.</p>

[END OF MARKING INSTRUCTIONS]