



National  
Qualifications  
2022

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**2022 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 specific 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:

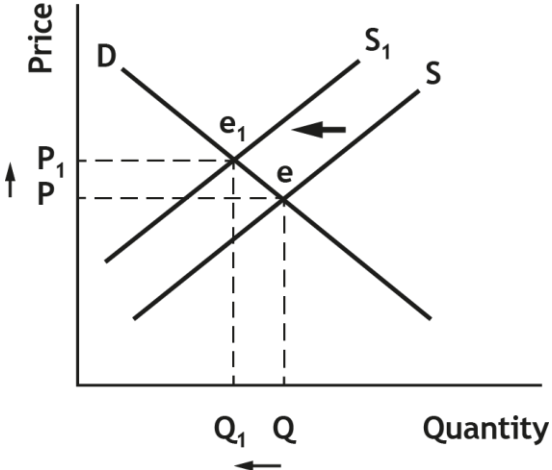
- **1 mark** should be given for each accurate relevant point of reason.
- A second mark could be given for any other point that is developed from the same reason

## Marking instructions for each question

### Section 1

Question			Expected response(s)	Max mark	Additional guidance
1.	(a)	(i)	<ul style="list-style-type: none"> <li>a tax placed/levied on imports (1)</li> </ul>	1	<p>Award 1 mark for a valid definition.</p> <p>DNA barriers to trade.</p>
		(ii)	<ul style="list-style-type: none"> <li>quota - a limit placed on the number/volume of imports (1)</li> <li>embargo - a complete ban on certain goods (or goods from a particular country) being imported (1)</li> <li>subsidy - a payment by the government to domestic firms (1)</li> <li>high safety/quality standards - a set of (expensive) criteria which imported goods must meet (1)</li> <li>soft loans - loans from the government to domestic firms at very low interest rates (1)</li> <li>administrative barriers - bureaucracy/paperwork which must be completed by importers (1)</li> <li>discrimination - governments deliberately favouring domestic producers for domestic contracts despite foreign firms being cheaper (1)</li> </ul>	2	<p>Candidates must describe 2 barriers to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Candidates do not need labels to gain full marks. If labels are used, they must be correct.</p>
		(iii)	<ul style="list-style-type: none"> <li>to reduce imports (1)</li> <li>to make imports more expensive (1)</li> <li>to increase government revenue/to raise tax revenue (1)</li> <li>to retaliate against Spain (1)</li> <li>to prevent dependence on Spanish vegetable imports (1)</li> <li>to protect an infant industry (1)</li> <li>to protect domestic jobs (1)</li> <li>to improve competitiveness in domestic vegetable production (1)</li> <li>to protect strategic industry (1)</li> </ul>	2	<p>Candidates must describe 2 reasons to gain full marks.</p> <p>Award 1 mark for each valid description.</p>

Question		Expected response(s)	Max mark	Additional guidance	
	(b)	<ul style="list-style-type: none"> <li>increased (admin) cost (ID) so profits will decrease (EXP) (1)</li> <li>increased (admin) cost (ID) which reduces the volume of exports a Spanish producer might be willing to send to the UK (EXP) (1)</li> <li>increase in the time taken to deliver (ID) so more drivers/driver hours will be needed to deliver the same volume of products (EXP) (1)</li> <li>fall in demand for Spanish vegetables (ID) as they will not be as fresh when they arrive in the UK (EXP) (1)</li> </ul>	1	Award 1 mark for a valid explanation.	
	(c)	(i)	<ul style="list-style-type: none"> <li>where buyers and sellers of vegetables come together (1)</li> <li>to agree a price and make an exchange (1)</li> </ul>	2	<p>Award 1 mark for each valid description.</p> <p>Must have buyers, sellers, price and exchange for full marks.</p>

Question	Expected response(s)	Max mark	Additional guidance
(ii)	 <p><b>Diagram</b></p> <ul style="list-style-type: none"> <li>• correctly labelled axes (Price, Quantity) and diagram (D, S, P, Q, and/or e) (1)</li> <li>• supply curve shift to the left (with arrow of label) (1)</li> <li>• new equilibrium price and quantity indicated (<math>P_1</math>, <math>Q_1</math> and/or <math>e_1</math>) (1)</li> </ul> <p><b>Explanation</b></p> <ul style="list-style-type: none"> <li>• the bad weather could destroy the vegetables (ID) therefore may reduce supply/there is less to sell (EXP) (1)</li> <li>• the bad weather reduces supply (ID) and as a result of a shortage the price will go up (EXP) (1)</li> </ul>	4	<p>Award 1 mark for each valid explanation.</p> <p>Maximum 3 marks for diagram. Maximum 2 marks for explanation.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(d)	<ul style="list-style-type: none"> <li>oil (1)</li> <li>whisky (1)</li> <li>tourism (1)</li> <li>banking/financial services (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>
	(e) (i)	<ul style="list-style-type: none"> <li>provide more jobs (ID) which reduce unemployment (EXP) (1) which will decrease universal credit (DEV) (1)</li> <li>increase government revenue from income tax (ID) as more people are employed (EXP) (1)</li> <li>increase output (ID) which will raise GDP (EXP) (1)</li> <li>increase exports (ID) which will inject money into economy (EXP) (1)</li> <li>invest in training (ID) to improve productivity (EXP) (1)</li> <li>increase innovation (ID) therefore increase sales (EXP) (1) which will create tax revenue for the government (DEV) (1)</li> <li>invents new products (ID) increases consumer choice (EXP) (1) which improves standard of living (DEV) (1)</li> </ul>	3	<p>Candidates must explain at least 2 ways to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Award 1 mark for a valid development.</p>
	(ii)	<ul style="list-style-type: none"> <li>have low/steady inflation (1)</li> <li>have low unemployment (1)</li> <li>have economic growth (1)</li> </ul>	3	<p>Candidates must outline 3 economic aims to gain full marks.</p> <p>Award 1 mark for each valid outline.</p> <p>Accept Balance of Payments surplus.</p> <p>Accept reduced income inequality or regional inequality, reducing budget deficit, implement COVID recovery plan, improving sustainability, alleviating cost of living crisis.</p>

Question		Expected response(s)	Max mark	Additional guidance
2.	(a)	<ul style="list-style-type: none"> <li>the cost/price of borrowing (1)</li> <li>the return for saving (1)</li> <li>the percentage charged by the bank on a loan (1)</li> </ul>	1	Award 1 mark for a valid definition.
	(b)	<ul style="list-style-type: none"> <li>decreases the cost of borrowing (ID) therefore people have to pay back less (EXP) (1) and their standard of living might rise (DEV) (1)</li> <li>decreases the cost of borrowing (ID) therefore people may borrow more (EXP) (1)</li> <li>decreases mortgage repayments (ID) therefore people have more to spend on other goods and services (EXP) (1)</li> <li>decreases the cost of buying a house (ID) therefore more people may be able to afford to buy property/fewer people are likely to rent (EXP) (1)</li> </ul>	3	<p>Candidates must explain at least 2 effects to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Award 1 mark for a valid development.</p>
	(c)	<ul style="list-style-type: none"> <li>claimant count - government counts the number of people claiming the unemployment element of Universal Credit/JSA (1)</li> <li>labour force survey/international labour organisation - samples (85,000) people (each quarter) and asks about employment status (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
	(d)	<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> </ul> <p><b>firms</b></p> <ul style="list-style-type: none"> <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 are spending less (ID) therefore loss of sales revenue/profits (EXP) (1)</li> <li>• consumers may switch to cheaper alternative goods (ID) so firms supplying these may increase their sales (EXP) (1)</li> <li>• labour becoming 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 stock/cash (EXP) (1)</li> <li>• increased pool of labour (ID) so you 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> </ul>	4	<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										
(e)		<ul style="list-style-type: none"> <li>• improve the quality/quantity of resources (1)</li> <li>• invest in technology infrastructure/research (1)</li> <li>• allow working age immigration (1)</li> <li>• improve education/increase attainment in schools (1)</li> <li>• encourage new management techniques (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> <li>• reduce corporation tax (1)</li> <li>• stimulate demand (reduce income tax/increase minimum wage/reduce trade barriers) (1)</li> </ul>	3	<p>Candidates must suggest 3 ways to gain full marks.</p> <p>Award 1 mark for each valid suggestion.</p> <p>Accept examples as suggestions.</p> <p>Maximum 1 mark for example(s) for each suggested way such as find new oil field, find new gold deposits, allow building on green belt land.</p>										
(f)	(i)	<table border="1"> <thead> <tr> <th>Direct</th> <th rowspan="2">whereas</th> <th>Indirect</th> <th></th> </tr> </thead> <tbody> <tr> <td>taxes on income and wealth</td> <td>taxes on expenditure</td> <td>(1)</td> </tr> <tr> <td>sent to HMRC by individuals and employers</td> <td>collected by an intermediary/third party and sent to HMRC</td> <td>(1)</td> </tr> </tbody> </table>	Direct	whereas	Indirect		taxes on income and wealth	taxes on expenditure	(1)	sent to HMRC by individuals and employers	collected by an intermediary/third party and sent to HMRC	(1)	1	<p>Award 1 mark for a valid distinction point.</p> <p>DNA “a direct tax is collected directly ...” or “an indirect tax is collected indirectly ...”</p>
Direct	whereas	Indirect												
taxes on income and wealth		taxes on expenditure	(1)											
sent to HMRC by individuals and employers	collected by an intermediary/third party and sent to HMRC	(1)												

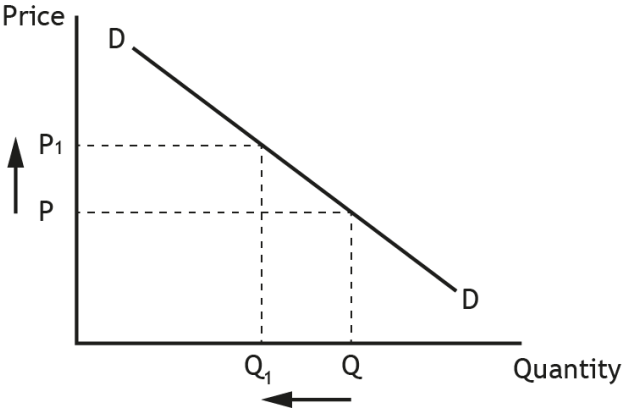
Question		Expected response(s)	Max mark	Additional guidance
	(ii)	<p><b>Direct taxes</b></p> <ul style="list-style-type: none"> <li>• Income Tax (1)</li> <li>• National Insurance Contributions (1)</li> <li>• Corporation Tax (1)</li> <li>• Capital Gains Tax (1)</li> <li>• Inheritance Tax (1)</li> <li>• Land and Buildings Transaction Tax/Stamp Duty (1)</li> </ul> <p><b>Indirect taxes</b></p> <ul style="list-style-type: none"> <li>• excise duties on fuel/alcohol/tobacco/gambling (1)</li> <li>• customs duties on imports (1)</li> <li>• road tax (1)</li> <li>• airport passenger duty (1)</li> <li>• TV licence (1)</li> </ul>	2	<p>Award 1 mark for an example of a direct tax.</p> <p>Award 1 mark for an example of an indirect tax.</p>
	(iii)	<ul style="list-style-type: none"> <li>• some businesses were closed (ID) therefore no sales were being made (EXP) (1)</li> <li>• consumers are spending less (ID) therefore less VAT is paid by businesses on sales (EXP) (1)</li> <li>• rate of VAT was lowered (for example in hospitality) (ID) so there was less VAT collected by businesses (EXP) (1)</li> </ul>	1	<p>Award 1 mark for a valid explanation.</p>

Question		Expected response(s)	Max mark	Additional guidance							
(g)	(i)	<table border="1"> <thead> <tr> <th>Capital</th> <th rowspan="3">whereas</th> <th>Current</th> </tr> </thead> <tbody> <tr> <td>long-term spending</td> <td>day-to-day spending</td> </tr> <tr> <td>spending on non-current assets</td> <td>spending on consumables</td> </tr> </tbody> </table>	Capital	whereas	Current	long-term spending	day-to-day spending	spending on non-current assets	spending on consumables	1	Award 1 mark for a valid distinction point.
Capital	whereas	Current									
long-term spending		day-to-day spending									
spending on non-current assets		spending on consumables									
	(ii)	<p><b>Capital</b></p> <ul style="list-style-type: none"> <li>building a hospital (1)</li> <li>install new equipment in hospital (1)</li> </ul> <p><b>Current</b></p> <ul style="list-style-type: none"> <li>paying health care staff's wages (1)</li> <li>buying PPE/hand sanitisers (1)</li> <li>buying vaccines (1)</li> </ul>	2	<p>Candidates must give an example of each to gain full marks.</p> <p>Award 1 mark for each valid example.</p>							

## Section 2

Question		Expected response(s)	Max mark	Additional guidance
3.	(a)	<ul style="list-style-type: none"> <li>instant access savings accounts (1)</li> <li>regular savings account (1)</li> <li>cash ISA (Individual Savings Account) (1)</li> <li>30/60/90-day notice account (1)</li> <li>credit union (1)</li> <li>treasury bonds (1)</li> </ul>	2	<p>Candidates must give examples of 2 ways to gain full marks.</p> <p>Award 1 mark for each valid example.</p> <p>Accept premium bonds.</p>
	(b)	<ul style="list-style-type: none"> <li>to find out how much cash they will have left over (ID) so that they can make plans for future spending/which allows them to save up for a specific large purchase (EXP) (1)</li> <li>to find out whether they will be overdrawn (ID) so they can work out if they will need to take out a loan in the future (EXP) (1)</li> <li>to check weekly/monthly outgoings (ID) which would allow them to check the affordability of a loan (EXP) (1)</li> <li>to find out if there will be a cash shortfall (ID) which would show if they needed to cut back on unnecessary spending (EXP) (1)</li> <li>to compare actual with predicted spending (ID) to help them focus on not overspending (EXP) (1)</li> <li>to find out if there is a cash surplus (ID) which would provide reassurance in uncertain times that there are some 'rainy day' funds (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
	(c)	(i)	<ul style="list-style-type: none"> <li>• <b>occupational mobility</b> is the ability of workers to change work skills/the ability of resources to change their use (1)</li> <li>• <b>geographical mobility</b> is the ability of labour/resources to move location (1)</li> </ul>	2	Candidates must define both terms to gain full marks. Award 1 mark for each valid definition.
		(ii)	<ul style="list-style-type: none"> <li>• Land – rent</li> <li>• Labour – wages</li> <li>• Capital – interest</li> <li>• Enterprise – profits</li> </ul>	4	Candidates must identify all 4 returns to gain full marks. Award 1 mark for each valid identification.
4.	(a)	(i)	<ul style="list-style-type: none"> <li>• there has been an extension of supply (1)</li> <li>• the <b>quantity</b> of strawberries supplied has increased (1)</li> </ul>	1	Award 1 mark for a valid statement. Must have ‘quantity’ in relation to supply increasing.
		(ii)	<ul style="list-style-type: none"> <li>• increase in price (1)</li> <li>• profit motives of firms (1)</li> </ul>	1	Award 1 mark for a valid outline. DNA reference to change in price or price alone.
		(iii)	<ul style="list-style-type: none"> <li>• poor weather (1)</li> <li>• rise in costs of factors of production (for example fertiliser, labour, higher corporation tax) (1)</li> <li>• no/fewer subsidies given to producers (1)</li> <li>• banning chemical fertilisers/insecticides/weed killers (1)</li> <li>• producers switching to alternative products (1)</li> <li>• lack of pickers (1)</li> </ul>	3	Candidates must outline 3 factors to gain full marks. Award 1 mark for each valid outline. Rise in different costs of production - maximum 2 marks, one for labour, one for cost of materials. DNA decrease in price.

Question	Expected response(s)	Max mark	Additional guidance
(b) (i)	 <p><b>Diagram</b></p> <ul style="list-style-type: none"> <li>• correctly labelled axes and curve (Price, Quantity, D, P, Q) (1)</li> <li>• movement along curve (<math>P_1</math>, <math>Q_1</math> or arrow) (1)</li> </ul> <p><b>Explanation</b></p> <ul style="list-style-type: none"> <li>• an increase in the price of motorbikes will cause a movement along the demand curve (ID) and therefore the <b>quantity</b> of motorbikes demanded will fall (EXP) (1)</li> <li>• an increase in the price of motorbikes makes motorbikes less affordable/makes alternative methods of transport more attractive (ID) and therefore the <b>quantity</b> of motorbikes demanded will fall (EXP) (1)</li> </ul>	3	<p>Award 2 marks for diagram.</p> <p>Award 1 mark for a valid explanation.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(ii)	<ul style="list-style-type: none"> <li>price of cars (or equivalent) (1)</li> <li>price of petrol (or equivalent) (1)</li> <li>advertising campaigns (1)</li> <li>if it is fashionable to own a motorbike (1)</li> <li>concern about green issues (1)</li> <li>level of individual income (1)</li> <li>interest rates (1)</li> <li>age of population (1)</li> </ul>	2	<p>Candidates must outline 2 factors to gain full marks.</p> <p>Award 1 mark for each valid outline.</p>
5.	(a)	<p><b>Individuals</b></p> <ul style="list-style-type: none"> <li>not all countries produce the same goods (ID) so greater choice/variety (EXP) (1)</li> <li>some countries can produce goods more cheaply than others (ID) which may lower prices (EXP) (1) so consumers can spend on other goods (DEV) (1)</li> </ul> <p><b>Firms</b></p> <ul style="list-style-type: none"> <li>increases world competition (ID) which could lead to raw material prices falling (EXP) (1)</li> <li>bigger markets (ID) so companies can benefit from greater economies of scale (EXP) (1) and therefore become more competitive (DEV) (1) which allows firms to expand/grow (DEV) (1)</li> </ul> <p><b>Government</b></p> <ul style="list-style-type: none"> <li>augments home supplies (ID) therefore shortages can be met by imports (EXP) (1)</li> <li>job creation in export firms (ID) which leads to increased revenue/corporation tax/income tax (EXP) (1)</li> </ul>	4	<p>Candidates must explain at least 2 benefits to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Award 1 mark for each valid development.</p> <p>Accept explanations referring to the Balance of Payments.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(b)	<ul style="list-style-type: none"> <li>the price/value of one currency in terms of another (1)</li> </ul>	1	Award 1 mark for a valid definition.
	(c)	<ul style="list-style-type: none"> <li>it has to pay more £ for foreign currency (ID) so imports are dearer (EXP) (1) therefore the firm may have to raise its prices (to maintain profits) (DEV) (1) or to reduce its profit margin (to maintain the price) (DEV) (1)</li> </ul>	3	<p>Award 1 mark for each valid explanation.</p> <p>Award 1 mark for each valid development.</p>
	(d)	$\left. \begin{array}{l} \text{£1,000} \times \text{€1.20} = \text{€1,200} \\ \text{£1,000} \times \text{€1.10} = \text{€1,100} \end{array} \right\} (1)$ <p>Difference = €100 fewer (1)</p>	2	<p>If no working shown, award full marks for correct final answer.</p> <p>If correct working is shown, but with incorrect final answer, maximum 1 mark.</p> <p>If '£' (rather than €) is stated in final answer, maximum 1 mark.</p>
6.	(a)	(i) <ul style="list-style-type: none"> <li><b>nominal income</b> is income excluding the effect of inflation/amount of cash you have available to spend (1)</li> <li><b>real income</b> is income including the effect of inflation/purchasing power of your income (that is, what you can buy with it) (1)</li> </ul>	2	<p>Candidates must describe both terms to gain full marks.</p> <p>Award 1 mark for each valid description.</p>
		(ii) <ul style="list-style-type: none"> <li><b>nominal income</b> increases (ID) as income rises from £100 to £105 (EXP) (1)</li> <li><b>real income</b> decreases (ID) because inflation is higher than the wage increase (EXP) (1)</li> </ul>	2	<p>Candidates must explain the effect on both terms to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Accept calculations as part of explanations.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(b)	<ul style="list-style-type: none"> <li>complete the Living Costs and Food Survey (to find out what average families buy) (1) which creates a basket of goods (DEV) (1)</li> <li>give a weight to each item in the basket based on importance (1)</li> <li>gather prices from retailers around the country (1)</li> <li>check prices against the base year (last time) (1)</li> <li>calculate percentage change in prices (1)</li> <li>add up all the percentage changes and calculate the average change which is inflation (1)</li> </ul>	3	<p>Candidates must describe at least 2 steps to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for each valid development.</p> <p>The steps do not have to appear in the correct sequence.</p> <p>Credit description of the RPI, CPI or CPIH (max 1).</p>
	(c) (i)	<p><b>health</b></p> <ul style="list-style-type: none"> <li>to provide free access to medical care for those who cannot afford private healthcare/so that healthcare is not under provided (1)</li> <li>to live longer lives to be able to work for longer (1)</li> <li>to reduce the number of days lost through sickness absence (1)</li> <li>to reduce long term costs on chronic conditions such as heart disease/cancer (1)</li> <li>to pay for COVID vaccination program/PPE/free lateral flow or PCR testing (1)</li> </ul>	1	<p>Award 1 mark for a valid description.</p> <p>DNA repeated reasons for any spending area.</p>
	(ii)	<p><b>education</b></p> <ul style="list-style-type: none"> <li>to create an employable workforce (1)</li> <li>to improve productivity/efficiency of the workforce (1)</li> <li>to provide free schooling for those who cannot afford private education/so that education is not under provided (1)</li> </ul>	1	<p>Award 1 mark for a valid description.</p> <p>DNA repeated reasons for any spending area.</p>
	(iii)	<p><b>defence</b></p> <ul style="list-style-type: none"> <li>to maintain secure UK borders (1)</li> <li>to deter other countries from invading (1)</li> <li>to comply with NATO obligations (1)</li> </ul>	1	<p>Award 1 mark for a valid description.</p> <p>DNA repeated reasons for any spending area.</p>

Question		Expected response(s)	Max mark	Additional guidance																			
7.	(a)	<ul style="list-style-type: none"> <li>to take advantage of cheap land (1)</li> <li>wage costs are lower (1)</li> <li>to gain access to a new market (1)</li> <li>to be closer to customers/raw materials (1)</li> <li>environmental/safety standards are lower (1)</li> <li>foreign government offers incentives to locate (1)</li> <li>corporation tax rate is lower (1)</li> <li>to avoid import taxes (1)</li> </ul>	4	<p>Candidates must outline 4 reasons to gain full marks.</p> <p>Award 1 mark for each valid outline.</p>																			
	(b)	<table border="1"> <thead> <tr> <th>Developing economy</th> <th></th> <th>Emerging economy</th> </tr> </thead> <tbody> <tr> <td>low GDP per capita</td> <td rowspan="6" style="text-align: center; vertical-align: middle;"><b>whereas</b></td> <td>(rapidly) increasing GDP/economic growth</td> </tr> <tr> <td>lack of skilled workers</td> <td>skilled workforce</td> </tr> <tr> <td>poor infrastructure</td> <td>(rapidly) improving its infrastructure</td> </tr> <tr> <td>poor education and training facilities</td> <td>heavy investment in education and training</td> </tr> <tr> <td>dependency on (a few) agricultural products</td> <td>moved from primary to secondary industry/production of manufactured products</td> </tr> <tr> <td>high unemployment/lack of paid employment</td> <td>rising employment in secondary sector</td> </tr> <tr> <td colspan="3" style="text-align: center;">both have high levels of income inequality</td> </tr> </tbody> </table>	Developing economy		Emerging economy	low GDP per capita	<b>whereas</b>	(rapidly) increasing GDP/economic growth	lack of skilled workers	skilled workforce	poor infrastructure	(rapidly) improving its infrastructure	poor education and training facilities	heavy investment in education and training	dependency on (a few) agricultural products	moved from primary to secondary industry/production of manufactured products	high unemployment/lack of paid employment	rising employment in secondary sector	both have high levels of income inequality			3	<p>Award 1 mark for each comparison.</p> <p>Accept social or political characteristics.</p>
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	(c) (i)	<b>capital aid</b> <ul style="list-style-type: none"> <li>provide machinery/equipment</li> </ul>	1	Award 1 mark for a valid description. DNA financial aid/loans/debt relief/etc
	(ii)	<b>emergency aid</b> <ul style="list-style-type: none"> <li>provide food/shelter in an event of a disaster (drought/flood/earthquake/war)</li> </ul>	1	Award 1 mark for a valid description.
	(iii)	<b>bilateral aid</b> <ul style="list-style-type: none"> <li>given by one government to a recipient country</li> </ul>	1	Award 1 mark for a valid description.

[END OF MARKING INSTRUCTIONS]