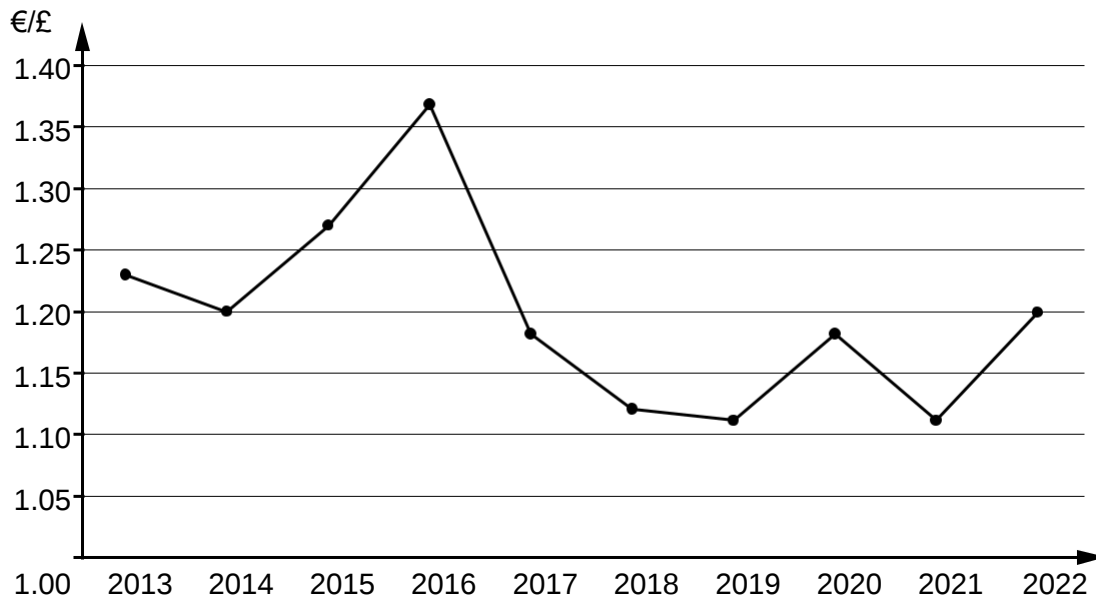


18 The diagram shows the value of the UK pound (£) in terms of the Euro (€) from 2013 to 2022.



Which statement is **most** likely to be correct?

- A There was a decrease in the demand for pounds between 2014 and 2016
- B There was a decrease in the supply of pounds between 2013 and 2016
- C There was a fall in the rate of inflation from 2016 to 2019
- D There was a loss of confidence by investors in the UK economy after 2016

Your answer ☐

[1]

19 If a group of workers was awarded a 10% pay rise, but their productivity had increased by 6%, then the **most** likely result would be

- A a fall in consumer confidence
- B a fall in government tax revenue
- C an increase in consumer debt
- D an increase in cost-push inflation

Your answer ☐

[1]

EXTRA ANSWER SPACE

If you need extra space use this lined page. You must write the question numbers clearly in the margin.

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8. The RM Assessor **comments box** is used by your team leader to explain the marking of the practice responses. Please refer to these comments when checking your practice responses. **Do not use the comments box for any other reason.**
If you have any questions or comments for your team leader, use the phone, the RM Assessor messaging system, or e-mail.
9. Assistant Examiners will send a brief report on the performance of candidates to their Team Leader (Supervisor) via email by the end of the marking period. The report should contain notes on particular strengths displayed as well as common errors or weaknesses. Constructive criticism of the question paper/mark scheme is also appreciated.
10. For answers marked by levels of response:
- To determine the level** – start at the highest level and work down until you reach the level that matches the answer
 - To determine the mark within the level**, consider the following

Descriptor	Award mark
On the borderline of this level and the one below	At bottom of level
Just enough achievement on balance for this level	Above bottom and either below middle or at middle of level (depending on number of marks available)
Meets the criteria but with some slight inconsistency	Above middle and either below top of level or at middle of level (depending on number of marks available)
Consistently meets the criteria for this level	At top of level

11. Annotations

These are the annotations, (including abbreviations), including those used in RM Assessor.

Please annotate **every** response, even if no credit is given. All non-levels Qs, the number of ticks must match the mark awarded. For levels Qs the highest level must be annotated e.g. L3. For answers given L4, also annotate where L3 is within that answer. Use ticks on levels answers if this aids your marking. **The number of ticks must never exceed the number of marks awarded.**

Question		Answer	Mark	Guidance
21	(c)	Using the information in Extract 1, analyse how the changes in the UK unemployment rate between 2011 and 2018 might have affected the government's budget. Knowledge and understanding that: - The budget is calculated by the difference between government spending and tax revenue. - Unemployment occurs when output (GDP) falls - Unemployment rate is proportion of workforce not working (or similar definition) Reference to the extract: - Unemployment peaked in 2011 at about 8% - Unemployment fell from (2012-2018 to about 4%) - UK economy was experiencing a boom/recovery during this period, as shown by the unemployment rate falling Development of reasoning linking lower unemployment rate to government budget: Fewer unemployed results in - Fewer people need / are eligible for unemployment benefits - Fewer people need welfare benefits >>so government spending falls More people in employment results in - Tax revenue rising from direct taxes / income tax / national insurance - Higher incomes may mean consumer spending rises so tax revenue from indirect taxes / VAT rises. >>so government revenue rises	6 1 AO1a 2 AO2 3 AO3a	<i>All level descriptors describe the TOP of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i> Level 3 (5-6 marks) (AO1a – 1, AO2 – 2 marks, AO3a – 3 marks = 6 marks) Reasonable knowledge and understanding. All of the terms/theoretical concepts are explicitly or implicitly understood. Reasonable application of knowledge about the budget. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is understanding of some the relevant elements of the scenario. Good analysis of the budget. There is correct analysis in the form of developed links. These links are developed through a chain of reasoning which addresses the question. Any relevant diagram(s) are predominantly correct and linked to the analysis. Level 2 (3-4 marks) (AO1a – 1 mark, AO2 – 1 mark, AO3a – 2 marks = 4 marks) Reasonable knowledge and understanding. Most of the terms/theoretical concepts are explicitly or implicitly understood. Limited application of knowledge about the budget. There is an attempt to use/adapt/change the terms/theoretical concepts in the context.

Question	Answer	Mark	Guidance
	Overall budget impact: rising tax revenue and falling government spending led to a smaller budget deficit / larger budget surplus. N.B 1. In order to reach Level 3, there must be reference to the data in the table (AO2) 2. If there is no analysis (AO3a), then application (AO2) cannot be rewarded.		Reasonable analysis of the budget. There is correct analysis largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be imperfectly labelled or not linked to the analysis. Level 1 (1-2 marks) (AO1a – 1 mark, AO2 – 0 marks, AO3a – 1 mark = 2 marks) Reasonable knowledge and understanding. Some of the terms/theoretical concepts are explicitly or implicitly understood. No application of knowledge about the budget. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Limited analysis of the budget. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis. 0 marks No work worthy of credit. N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.

Question			Answer	Mark	Guidance
22	(d)	(iii)	Evaluate whether raising income taxes on the richest 20% of the population in Indonesia would have a purely beneficial effect for the lower paid. Use the information given in Extract 2 and your own knowledge. Reference to Extract 2 or context (AO2): • Reference to Indonesia • Income is distributed unequally (the richest 20% receive 45% of total income) • Tax revenue can be used to improve public services/social security benefits • Tax changes are one of the tools in fiscal policy and so affect growth and inflation 1) Government revenue should increase, which will enable more to be spent on public services and social security, which will benefit the lower paid. But there may be more tax avoidance and tax evasion/non-compliance, which might lower revenue and thus lower provision of public services and/or higher earners/more skilled workers may leave the country and/or government corruption may prevent/limit this process 2) the richest may lose the incentive (face a disincentive) to seek higher paid jobs in the top band, which might mean lower productivity for the economy and lower levels of entrepreneurship, which could lower employment opportunities for the lower paid. But richer people may have ties to the country and not move	6 1 AO2 2 AO3a 3 AO3b	<i>All level descriptors describe the TOP of the level – please read guidance at the beginning of the mark scheme regarding best fit approach.</i> Level 3 (5-6 marks) (AO2 – 1, AO3a – 2 marks, AO3b – 3 marks = 6 marks) Good application of knowledge about redistribution. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario. Reasonable analysis of redistribution. There is correct analysis largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. The relevant diagram(s), if present, may be imperfectly labelled or not linked to the analysis. Good evaluation of redistribution with a fully supported judgement that is developed from weighing up arguments/both sides/comparing alternatives. <i>There is a well-developed and detailed line of reasoning which is coherent and logically structured. The information presented is entirely relevant and substantiated.</i> Level 2 (3-4 marks) (AO2 – 1, AO3a – 1 mark, AO3b – 2 marks = 4 marks) Good application of knowledge to redistribution. The terms/theoretical concepts are used/adapted/changed in the context of the given scenario. There is good understanding of all the relevant elements of the scenario.

Question	Answer	Mark	Guidance
	Reference to the extract: • UK monetary policy changes the bank/base rate • Interest rates are also affected by the public (national) debt • Changes in interest rates also affect the exchange rate • Interest rates affect borrowing for consumption/investment • Reference to the UK Development of reasoning linking cut in interest rates to UK economic growth • When the bank rate is cut, borrowing costs fall, so firms borrow in order to build factories and buy machinery, which leads to a higher rate of economic growth • When the bank rate is cut, borrowing costs fall, so consumers borrow in order to buy durable goods, which leads to an increase in total demand and higher output. • When the bank rate is cut, saving is less attractive, so households consume more and save less, which leads to short-run increase in GDP • When the bank rate is cut, saving is less attractive, which means that there are fewer funds to lend out. As a result, interest rates may rise, which means lower long-run economic growth N.B. 1. In order to reach Level 3, there must be reference to information in the Extract or context.		developed through a chain of reasoning which addresses the question. Any relevant diagram(s) are predominantly correct and linked to the analysis. <i>There is a well-developed and detailed line of reasoning which is coherent and logically structured. The information presented is entirely relevant and substantiated.</i> Level 2 (3-4 marks) (AO1a – 1 mark, AO2 – 1 mark, AO3a – 2 marks = 4 marks) Reasonable knowledge and understanding. Most of the terms/theoretical concepts are explicitly or implicitly understood. Limited application of knowledge to understanding monetary policy. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Reasonable analysis of monetary policy. There is correct analysis largely in the form of single effects. These address the question but are not developed into a clear chain of reasoning. Any relevant diagram(s) may be imperfectly labelled or not linked to the analysis. Level 1 (1-2 marks) (AO1a – 1 mark, AO2 – 0 marks, AO3a – 1 mark = 2 marks) Reasonable knowledge and understanding. Some of the terms/theoretical concepts are explicitly or implicitly understood.

2. If there is no analysis (AO3a), then application (AO2) cannot be rewarded.

Question	Answer	Mark	Guidance
	Final judgement on the extent expressed clearly: • A rise in the exchange rate for the pound is clearly not advantageous for economic growth, because of the impact on total demand (consumption of domestic goods and net exports). • However, individual consumers and producers may benefit • If the rise in the exchange rate is short term, the extent will be limited. Ultimately the rise in the exchange rate will increase the deficit on the current account (as imports rise and exports fall) with the result that the exchange rate falls back, so the negative impact on economic growth should be short term i.e. the extent of the effect should not persist in the long run N.B. 1. If there is no analysis/evaluation, then application (AO2) cannot be rewarded. 2. In order to reach Level 3, there must be Application (AO2), Analysis (AO3a) and Evaluation (AO3b) 3. In order to reach Level 3, there must be reference to consumers <i>and</i> producers		<i>There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</i> Level 1 (1-2 marks) (AO2 – 0 marks, AO3a – 1 mark, AO3b – 1 mark = 2 marks) No application of knowledge about exchange rate changes. There is an attempt to use/adapt/change the terms/theoretical concepts in the context. Limited analysis about exchange rate changes. There is an attempt at analysis which may include a single effect that has some link to the question. Diagrams (if present) are unlikely to be correct and not linked to the analysis. Limited evaluation about exchange rate changes that may include an incomplete consideration of arguments/both sides/comparing alternatives with unsupported statements. <i>Information presented is basic and may be ambiguous or unstructured. The information is supported by limited evidence.</i> 0 marks No work worthy of credit. N.B. Any other relevant points and/or evidence of learners' understanding of the connections between the various topics of both components to be credited.

Question	AO1a	AO1b	AO2	AO3a	AO3b	Total	Quantitative skills
Questions 1–20	3	10	7			20	4
Q21 Marks:	AO1a	AO1b	AO2	AO3a	AO3b	Total	Quantitative Skills
(a)			2			2	2
(b)			2			2	2
(c)	1		2	3		6	
(d) (i)		2				2	
(ii)	2					2	
(iii)			1	2	3	6	
Total:	3	2	7	5	3	20	4
Q22 Marks:	AO1a	AO1b	AO2	AO3a	AO3b	Total	Quantitative Skills
(a)			2			2	2
(b)			2			2	2
(c)	1		2	3		6	
(d) (i)	2					2	
(ii)		2				2	
(iii)			1	2	3	6	
Total:	3	2	7	5	3	20	4