

Commentary on candidate evidence

Candidate 2

The candidate evidence shows the following marks for each question.

Section 1

Question 1a

Describe what is meant by the following terms:

recession (line 8)

The answer was awarded **1 mark** (out of 1) for this question for:

- ◆ correct description of a recession

Question 1b

Describe what is meant by the following terms:

national debt (line 26).

The answer was awarded **1 mark** (out of 1) for this question for:

- ◆ correct description of a national debt

Question 2

Explain why the UK government believed that cutting taxes would lead to economic growth.

The answer was awarded **3 marks** (out of 6) for this question for:

- ◆ linking cutting taxes with increased disposable income for consumers
- ◆ linking cutting taxes with business start-ups and increased productivity
- ◆ developing increased productivity with an improving balance of payments and government investment in education

The point about business start-ups creating employment was considered to be too off-topic to gain marks.

The point about migrants was considered to be too off-topic to gain marks.

Question 3

Analyse the implications of a rising level of national debt.

The answer was awarded **4 marks** (out of 4) for this question for:

- ◆ suggesting the opportunity of debt interest repayment
- ◆ suggesting a fall in the UK credit rating
- ◆ developing a falling credit rating with rising interest rates
- ◆ suggesting government debt leads to lower spending in other areas

A further 3 marks would have been awarded had the candidate not already reached full marks for this question by giving lower growth and productivity, austerity and reduced standards of living.

Question 4

Discuss the possible economic implications of diverging income tax rates between Scotland and the rest of the UK.

The answer was awarded **4 marks** (out of 4) for this question for:

- ◆ suggesting workers would move out of Scotland
- ◆ suggesting higher income inequality out with Scotland
- ◆ developing lower income inequality in Scotland with greater social justice through income redistribution
- ◆ suggesting lower consumer spending leading to higher unemployment and lower government revenue in Scotland

A further mark would have been awarded had the candidate not already reached full marks for this question by giving higher government spending would be possible on infrastructure or education.

Question 5

Other than changes to income tax, evaluate 2 possible policies that a government could introduce to reduce inequality.

The answer was awarded **3 marks** (out of 6) for this question for:

- ◆ suggesting a policy of increasing the minimum wage rate to increase incomes
- ◆ developing an increase in the national minimum wage (NMW) to reduce unemployment
- ◆ suggesting a policy of increasing spending on education to improve skills

The point about trade unions supporting the NMW was considered to be too off-topic to gain a mark.

The example of rolling out free university tuition across the UK was a repeat of the policy suggestion of increasing spending on education.

Question 6

Describe the economic advantages and disadvantages to the UK of inward migration.

The answer was awarded **5 marks** (out of 6) for this question for:

- ◆ suggesting that UK job vacancies could be filled
- ◆ suggesting that more people in the UK leads to increased house prices and lower affordability
- ◆ suggesting that more potential workers could lead to increased FDI
- ◆ suggesting that more people in the UK leads to more pressure on services and the need for more government spending
- ◆ suggesting that immigrants pay more in taxes than they receive in welfare

The point about rising house prices was repeated.

The point about screwdriver jobs and the brain drain is inaccurate.

Question 7

Explain the reasons for the housing market being a potential barrier to labour mobility.

The answer was awarded **2 marks** (out of 2) for this question for:

- ◆ linking high house prices with it being too expensive to move
- ◆ linking lack of social housing with the inability to move

The candidate achieved a total of **23 marks** out of 30 for section 1 (questions 1-7).

Section 2

Question 8a (i)

Explain, using a diagram(s), why firms in a perfectly competitive market are only able to make normal profits in the long run.

The answer was awarded **5 marks** (out of 6) for this question for:

- ◆ drawing a correctly labelled diagram
- ◆ drawing a diagram showing correct curves (MC and AC)
- ◆ drawing a diagram showing MC cutting AC at lowest point
- ◆ linking abnormal profits with low barriers to entry and having a USP for a short time
- ◆ developing low barriers to entry with consumers switching to substitute firms

Question 8a (ii)

Discuss the view that monopolies do not always benefit consumers.

The answer was awarded **4 marks** (out of 6) for this question for:

- ◆ giving higher prices for consumers
- ◆ giving limited choice for consumer
- ◆ giving lack of consumer knowledge
- ◆ giving lower quality for consumers

The final point about negative externalities is not exclusive to monopolies and therefore would not gain a mark.

Question 8b (i)

Using a fully labelled diagram, explain why electric cars may result in positive externalities in consumption.

The answer was awarded **4 marks** (out of 7) for this question for:

- ◆ drawing a diagram showing MSB above MPB
- ◆ giving a benefit to third parties
- ◆ giving lower CO₂ emissions
- ◆ giving less noise pollution

Question 8b (ii)

Discuss possible ways a government might encourage the use of electric cars.

The answer was awarded **5 marks** (out of 6) for this question for:

- ◆ suggesting imposing a CO₂ emission tax to disincentivise petrol/diesel car purchases
- ◆ suggesting advertising EVs to encourage environmentally aware consumers
- ◆ suggesting subsidies to EV manufacturers to lower cost of production and price
- ◆ suggesting banning petrol/diesel cars to force the purchase of EVs
- ◆ suggesting excluding petrol/diesel cars from specified areas to encourage the use of EVs

The candidate achieved a total of **18 marks** out of 25 for section 2 (question 8).