

Commentary on candidate evidence

The candidate evidence has achieved the following marks for each question.

Candidate 3

Question 9(a)

Analyse the possible economic consequences of further cuts to interest rates on the UK economy.

The answer was awarded **8 marks** (out of 8) for this question for:

- statistic – current rate of interest
- lower rate of return for savers
- increased borrowing leading to increased demand
- positive multiplier from increased consumer spending
- reductions in mortgage interest
- increased investment by firms
- increased capital spending leading to increased productivity

A further 4 marks for reduced value of Sterling; reduced spending on imports; increased exports; and improved balance of payments would have been awarded had the candidate not already reached full marks for this question.

Question 9(b)

Describe the potential economic impacts of a substantial house building programme on the UK economy.

The answer was awarded **8 marks** (out of 8) for this question for:

- statistic - projected level of housebuilding

- job creation in construction
- reduction in unemployment benefit payments (this could have been a statistic mark if the maximum allocation of 2 stat marks had not already been awarded)
- increased tax revenue leading to improved public finances
- potential increase in inflation from material costs
- potential increase in wage costs leading to increased prices
- reduced house prices
- improving prospects for first time buyers

No mark was awarded for the sentence beginning 'There will also be increased disposable incomes ...' because the candidate is not directly answering the question. This is an impact of an impact, rather than focusing on the direct impacts of a substantial house building programme.

No mark was awarded for the sentence beginning 'This would have negative impacts ...' because it is too vague.

No mark was awarded for the sentence beginning 'This would reduce their international competitiveness ...' because the candidate is straying too far from the topic of house building in the UK.

Question 9(c)

Analyse the possible economic consequences of a declining oil and gas industry on the UK economy.

The answer was awarded **8 marks** (out of 9) for this question for:

- job losses in oil and gas industry
- increased unemployment
- increased cost of unemployment benefits
- lower corporation tax receipts
- increase in budget deficit
- opportunity cost of decommissioning costs

- need to import energy from abroad as renewables are insufficient
- increased imports leading to an increasing trade deficit

The candidate achieved a total of **24 marks** out of 25 for section 3 (question 9)