

Question 1(a)

Candidate A evidence

1) a) [Tariffs is a charge set to goods being imported into countries] [This means that it will be more costly for a country to export their goods to another.] It can be used as retaliation as it is between China and the US.

2/2

Candidate B evidence

1a) [A tariff is a tax imposed on exports] [making them more expensive] and making exports ~~to~~ reduce in demand when imposed. 'New tariffs imposed by the USA will also affect UK exporters, making steel and aluminium exports from the UK less attractive to customers in the United States.'

2/2

Candidate C evidence

1)a)	A tariff is [a tax on a specific import,	
	[this is to promote demand for domestic	
	firms via the substitution effect. e.g.	
	there may be a 25% tariff on cars produced	
	outside the UK to make the UK car industry	
	more competitive.]	

2/2

Question 1(b)

Candidate A evidence

1)b)	Free Trade to the UK economy would mean	
	the stimulation and growth of UK businesses.	
	[They would be able to export their goods	
	to more countries ^{ID} therefore making more	
	^{EXP} profit.] [This would be beneficial for	
	the employment rate as businesses would	
	grow and possibly expand more people	
	would be hired.] Economic growth would	
	be affected in a positive way.	
	[All of this would stimulate economic	
	growth and the the more increased revenue	
	gained could then be invested	

Dev

	in the UK which again would help	
	the UK economy achieve its its goals.]	

Dev

3/4

Candidate B evidence

1) b) . "Free Trade" widens consumers choice of products and services. [This means firms face more competition. Firms will be focused on improving the quality of their products to attract consumers. Competition may also result in lower prices.]

[Free Trade may encourage Foreign Direct Investment (FDI). This will ^{have a positive impact} improve the UK's balance of payments.]

[FDI may also create more jobs within the UK which will reduce unemployment.]

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[Lower unemployment may lead to increased standards of living depending on the distribution of income.]

[Free trade may lead to increased output within the UK ^{due to access to new markets} due to access to new markets. Firms will have the opportunity to export their goods/ services to new markets & increase sales which may lead to an increase in GDP.]

Dev

Max

4/4

Candidate C evidence

b) • UK firms can sell to a larger market, ^{ID} therefore they may have a higher demand and so make more profit. ^{EXP} [This also means the UK government will receive more corporation tax revenues.] therefore improving the balance of payments by lowering national debt. [This will allow the government to invest more in capital projects e.g. building a new school/hospital. Therefore, creating jobs and increasing employment.]

• The increased competition from foreign firms [may stimulate UK firms to become more efficient to compete, ^{ID} therefore ^{EXP} improving the UK economy's productivity.]

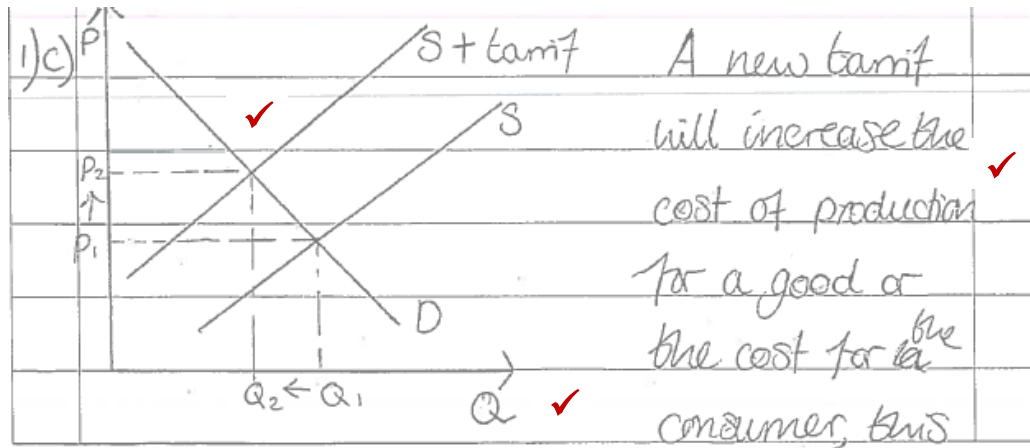
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4/4

Question 1(c)

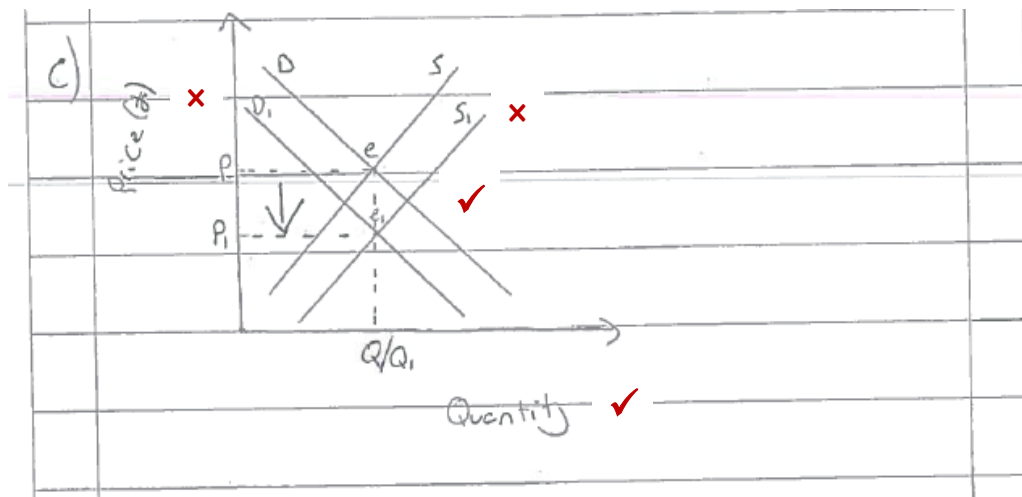
Candidate A evidence



depends on PED.
 A tariff will cause the equilibrium price to rise.

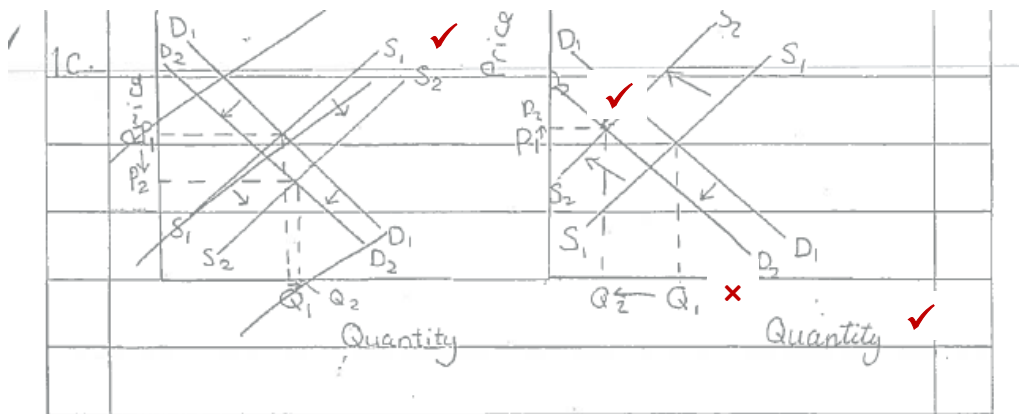
3/4

Candidate B evidence



2/4

Candidate C evidence



3/4

Question 1(d)

Candidate A evidence

d) The government wants to have sustained economic growth. It wants this because economic growth is an increase in the total value of goods & services that can be produced, giving consumers a better standard of living as they have access to more goods.

Economic growth also means that firms can make more profits, & so are more likely to expand, employing new people & reducing unemployment. This would increase the government's revenue from income tax & decrease its spending on Job Seekers Allowance.

Spill over effects of economic growth can be new technical innovations to help to preserve the environment.

Max

Max

Max

2/2

Candidate B

1d. [Economic growth will attract foreign direct investment (FDI)] which means multinational multinationals will invest in the UK [increasing government revenue] thus making it an objective.

Economic growth will result in [new jobs being created which means unemployment will fall] This makes it a government objective because they will get more tax revenue.

Max

2/2

Candidate C

d) Economic growth is a government objective as [it means that unemployment is reduced] so [increased tax revenue from income tax can be gained] to spend on public services such as the NHS, education.

Economic growth is also an objective as firms can use the [revenue gained from consumer confidence and increased employment to invest so government doesn't have to offer as many grants or subsidies to help struggling firms all thanks to low economic growth to increasing National income.]

Max

2/2

Question 1(e)

Candidate A

e) Investing in infrastructure increases the geographical mobility of labour. Therefore, with improved infrastructure, commuting and relocating for work is easier. Therefore, increasing employment as people can travel further for work. The increased employment increases disposable income for the newly employed. This can trigger a positive multiplier effect, causing a growth in National Income.	
• Further more improved infrastructure can improve domestic firms communication and transport. This therefore, improves the productivity of the economy. This can lead to a rise in output. The output then generate more profits for the firm, allowing them to expand their operation and employ more labour, increasing employment.	

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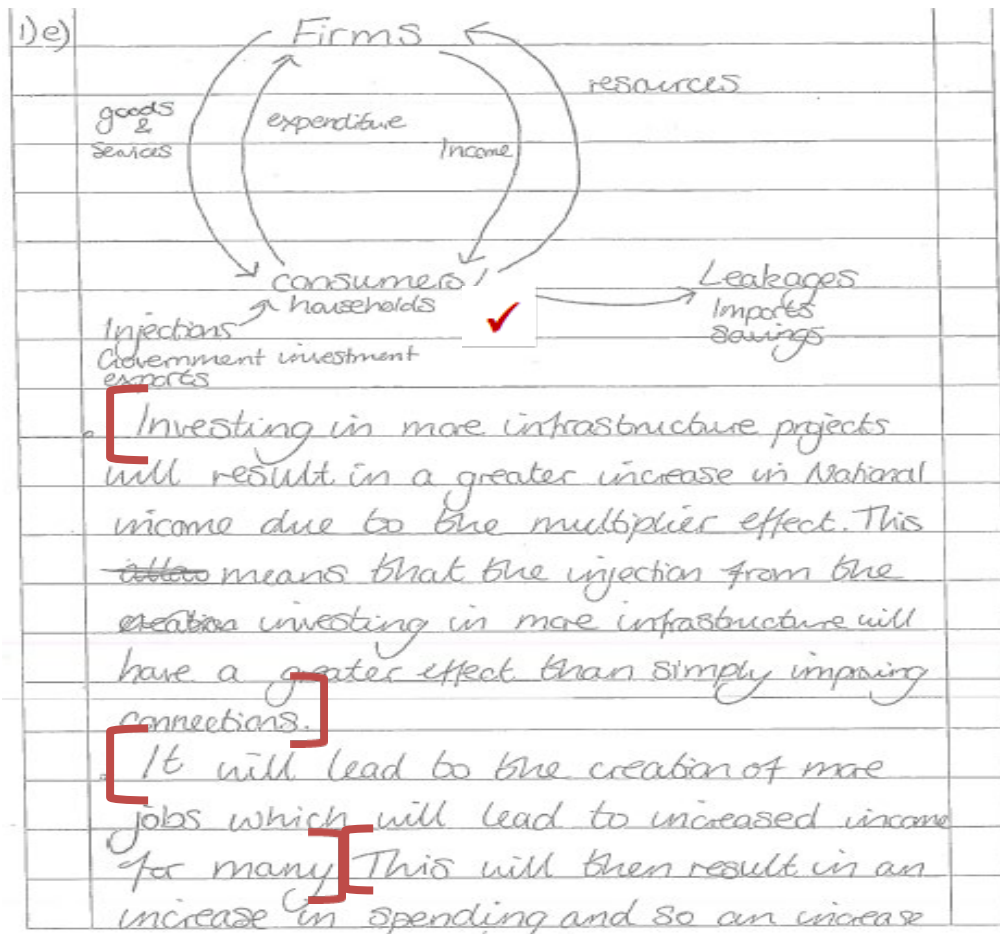
Dev

Max

Max/Dev

3/3

Candidate B



Investing in more infrastructure projects will result in a greater increase in National income due to the multiplier effect. This ~~also~~ means that the injection from the ~~creation~~ investing in more infrastructure will have a greater effect than simply improving connections.

It will lead to the creation of more jobs which will lead to increased income for many. This will then result in an increase in spending and so an increase

in aggregate demand. This will lead to ~~larger~~ firms increasing output to meet demand.

The effect of the multiplier will increase until the equilibrium is met where ~~agg~~ injections equal leakages.

The impact of the multiplier will depend on marginal propensity to consume ^(MPC) and marginal propensity to save ^(MPS).

multiplier = $\frac{1}{1-MPC}$ or $\frac{1}{MPS}$

Max/Dev

Max/Dev

Max/Dev

Max/Dev

3/3

Candidate C

		ID	
e)	[It will reduce costs for firms & so increase their profits, encouraging them to expand], [increasing employment & National Income]		Dev
	[The investment is an injection into the circular flow of income, & so the multiplier will mean that there is a more than proportionate rise in National income.]	ID	
	The infrastructure projects will provide jobs for many people, [increasing their disposable income & so increasing demand for goods & services, making firms more profit, etc.]	ID	Max
	The employment provided by this investment will mean that the [government earns more in income tax, & has to pay less in Job Seekers Allowance. This means that it will have more money to invest in other areas]	ID	Max
	to try & increase National Income, e.g. Spending more on education	EXP	
			3/3