

# Commentary on candidate evidence

The candidate evidence has been put together from several candidates who sat the 2019 question paper.

## Question 5(a)(i)

### Candidate A

This candidate was awarded **5/5 marks**:

- ◆ One mark awarded for 'new market to penetrate'.
- ◆ One mark awarded for 'more economies of scale acquired'.
- ◆ One mark awarded for 'free prescriptions and higher education meaning a healthier workforce that could be more productive and efficient and increased pool of higher educated workers to employ'.
- ◆ One mark awarded for 'that may also improve productivity and efficiency and so increase output and likelihood of increased sales and profits'.
- ◆ One mark awarded for 'located closer to raw materials such as oil, so oil could be cheaper to transport and closer to acquire so faster and more efficient'.

Had this candidate not reached maximum mark allocation, they could also have been awarded marks for:

- ◆ 'exploit natural resources such as land and oil which is in abundance in Scotland'.
- ◆ 'good infrastructure such as roads and technology such a communications'.

### Candidate B

This candidate was awarded **5/5 marks**:

- ◆ One mark awarded for 'If the government is providing subsidies'.
- ◆ One mark awarded for 'so the firms may experience lower costs and higher profits'.
- ◆ One mark awarded for 'Scotland is currently within the EU which means that the firms would have a large export market from Scotland that has no trade barriers'.
- ◆ One mark awarded for 'Scotland has a highly educated workforce, especially in the financial sector, so firms may look to Scotland to benefit from a better educated workforce'.
- ◆ A development mark awarded for 'which increases productivity'.

Had this candidate not reached maximum mark allocation, they could also have been awarded marks for:

- ◆ 'If Scotland had an abundance of cheap resources required to make the firms products, locating in Scotland may reduce costs'.
- ◆ 'Scotland has good levels of infrastructure meaning that firms can lower costs through cheaper transport'.

## Candidate C

This candidate was awarded **5/5 marks**:

- ◆ One mark awarded for 'Low interest rates may attract foreign firms to Scotland'.
- ◆ A development mark awarded for 'This will allow them to borrow finances at a relatively low cost'.
- ◆ One mark awarded for 'A weak exchange rate/pound may attract FDI as it means their exports will be cheaper'.
- ◆ One mark awarded for 'A well educated and skilled workforce may attract foreign firms'.
- ◆ One mark awarded for 'Firms will benefit from work being of high quality and mistakes being low which will allow them to achieve maximum efficiency and increase profits'.

Had this candidate not reached maximum mark allocation, they could also have been awarded marks for:

- ◆ 'Scotland being part of Europe (for now) may attract foreign firms. The EU means Scotland benefits from free trade across European countries' then a development mark was awarded for 'This gives the firm access to more markets which can lead to increased sales'.
- ◆ 'The Government may offer the firm incentives such as a grant to locate in Scotland or tax reductions' then a development mark was awarded for 'This means the costs of production will be reduced'.

## Question 5(a)(ii)

### Candidate A

This candidate was awarded **4/4 marks**:

- ◆ One mark awarded for 'managerial positions are taken by people from home country so only low skilled work may be available, resulting in deskilling of population'.
- ◆ One mark awarded for 'They may add to pollution if they are a factory, and congestion due to increase use of roads for imports and workers'.
- ◆ One mark awarded for 'the company may be footloose and uproot in a few years time to locate somewhere cheaper'.
- ◆ One mark awarded for 'money made may be sent home and not injected into the Scottish economy'.

Had this candidate not reached maximum mark allocation, they could also have been awarded marks for:

- ◆ 'they may exploit and exhaust natural resources and leave once its all used up'.

## Candidate B

This candidate was awarded **4/4 marks**:

- ◆ One mark awarded for 'The firms may use transfer pricing in order to send their profits home so that the Scottish government can't tax it'.
- ◆ One mark awarded for 'The firms may provide competition for Scottish firms which may experience falling profits and may have to shut down'.
- ◆ A development mark was awarded for 'This would increase unemployment'.
- ◆ A development mark was awarded for 'This would also increase the governments expenditure on Job Seekers Allowance and decrease its revenue from income tax'.

Had this candidate not reached maximum mark allocation, they could also have been awarded marks for:

- ◆ 'The firm may use up natural resources in Scotland, damaging the environment and reducing possible future economic growth'.
- ◆ 'They have no ties to Scotland and so may leave at any point, creating large levels of unemployment'.

## Candidate C

This candidate was awarded **4/4 marks**:

- ◆ One mark awarded for 'The jobs that foreign investment brings could be low skilled'.
- ◆ A development mark was awarded for 'This means that employees could face social problems from lack of job satisfaction leading to health problems such as depression which will be a strain on the NHS'.
- ◆ One mark awarded for 'Foreign investment may lead to UK firms being put out of business due to not being able to compete with low prices'.
- ◆ One mark awarded for 'The balance of payments may be negatively impacted as the foreign firm may import their raw materials contributing to the trade of goods deficit'.

Had this candidate not reached maximum mark allocation, they could also have been awarded marks for:

- ◆ 'The foreign investment may result in environmental damage due to transport costs' developed by 'This may mean the Government has to put new legislation in place'.
- ◆ 'The resources may be from Scotland which can lead to other firms being left with none. The exploitation of resources can lead to the opportunity cost of other goods not being made'.

## Question 5(b)

### Candidate A

This candidate was awarded **3/3 marks**:

- ◆ One mark awarded for 'UK exports become cheaper'.
- ◆ A development mark was awarded for 'so demand for them rises, increasing the profits of UK exporters'.
- ◆ One mark awarded for 'imports become more expensive' (note that this would not have earned a mark in itself, being a 'flip' of the first point) 'encouraging UK consumers to buy from UK firms'.

Had this candidate not reached maximum mark allocation, they could also have been awarded marks for:

- ◆ 'There will be an increase in foreign tourists visiting the UK' developed by 'This helps the profits of UK tourist firms and also local firms that experience increased demand from tourists'.
- ◆ 'Because UK firms are making more profits, the government is making more in corporation tax and so can spend more on infrastructure and transport etc, reducing the cost for UK firms and increasing their profits'.

### Candidate B

This candidate was awarded **3/3 marks**:

- ◆ One mark awarded for 'will cause the UK firms exports to become more competitive'.
- ◆ A development mark was awarded for 'foreign buyers can demand more of their product' further developed [but not earning a mark, as max one mark for developments in this question] 'therefore improving the firms profits' and 'These profits may allow the firms to expand their operation and achieve greater economies of scale'.
- ◆ One mark awarded for 'Also, UK consumers may demand more of the firms products as they are more competitive'.

Had this candidate not reached maximum mark allocation, they could also have been awarded marks for:

- ◆ 'This is because the price of imports has risen and so due to the substitution effect the UK firm will receive more demand'.

### Candidate C

This candidate was awarded **3/3 marks**:

- ◆ One mark awarded for 'it will make their good cheaper to foreign buyers'.
- ◆ A development mark then awarded for 'so exports will increase, increasing profits'.
- ◆ One mark awarded for 'for buyers within the UK, imports will become more expensive' then developed (but not awarded since max mark allocation already reached) with 'so they'll be more likely to buy from the UK firm, increasing the UK firm's profits'.

No mark was awarded to the reference to UK firms becoming more competitive since this was regarded as a repeat of the first point.

## Question 5(c)

### Candidate A

This candidate was awarded **4/4 marks**:

- ◆ One mark awarded for 'A developing economy has little capital production and relies heavily on basic labour intensive work ... whereas an emerging economy ... will invest heavily in capital intensive production'.
- ◆ One mark awarded for 'An emerging economy has a growing "middle class" whereas a developing economy suffers from high levels of poverty throughout much of the population'.
- ◆ One mark awarded for 'A developing country often has a low life expectancy ... and a high child mortality rate whereas an emerging economy has a ... stronger workforce ... will have a larger output'.
- ◆ One mark awarded for 'an emerging economy may have an extremely high GDP ... whereas a developing economy will have an extremely low GDP, maybe even negative'.

### Candidate B

This candidate was awarded **4/4 marks**:

- ◆ One mark awarded for 'A developing economy has poor infrastructure ... whereas an emerging economy has improving infrastructure due to the increased amount of money in the economy'.
- ◆ One mark awarded for 'A developing economy has little economic growth ... but an emerging economy has increased economic growth due to the increased entrepreneur activity and spending'.
- ◆ One mark awarded for 'A developing economy is reliant on 1 or 2 exports ... whereas emerging economies become less dependent on just a few exports and instead ... they move into manufacturing services as well'.
- ◆ One mark awarded for 'A developing economy has a corrupt government who do not have a stable amount of money ... whereas an emerging economy has political stability'.

### Candidate C

This candidate was awarded **4/4 marks**:

- ◆ One mark awarded for 'A developing economy has low levels of economic growth whereas an emerging economy has high levels of economic growth'.
- ◆ One mark awarded for 'A developing economy has low levels of exports, often relying on one or two exports, whereas emerging economies have high levels of exports'.
- ◆ One mark awarded for 'An emerging economy has good infrastructure ... whereas a developing economy has poor infrastructure'.

- ◆ One mark awarded for 'An emerging economy has increasingly higher GDP per capita and lower poverty rates whereas a developing economy has low GDP per capita and high poverty rates'.

## Question 5(d)(i)

### Candidate A

This candidate was awarded **2/2 marks**:

- ◆ One mark awarded for 'to reduce trade barriers'.
- ◆ One mark awarded for 'promoting free trade'.

Had this candidate not reached maximum mark allocation, they could also have been awarded marks for:

- ◆ 'Also, it may back a nation, usually the small/less influential economy, in order to ensure a fair deal has taken place'.

### Candidate B

This candidate was awarded **2/2 marks**:

- ◆ One mark awarded for 'regulates trade'.
- ◆ One mark awarded for 'provides strict rules and regulations that must be followed'.

Had this candidate not reached maximum mark allocation, they could also have been awarded marks for:

- ◆ 'It negotiates free trade deals'.
- ◆ 'sorts out trade disputes'.

### Candidate C

This candidate was awarded **2/2 marks**:

- ◆ One mark awarded for 'deals in trade disputes'.
- ◆ One mark awarded for 'able to enforce penalties for not keeping agreements made'.

## Question 5(d)(ii)

### Candidate A

This candidate was awarded **2/2 marks**:

- ◆ One mark awarded for 'provides instant loans and/or debt relief'.
- ◆ One mark awarded for 'eg the IMF following the financial crisis of 2008/9 gave Iceland a £2.2 billion loan and Greece over £30 billion'.

## Candidate B

This candidate was awarded **1/2 marks**:

- ◆ One mark for 'it loans money to countries in debt'.

## Candidate C

This candidate was awarded **1/2 marks**:

- ◆ One mark for 'negotiates ways of solving monetary issues by its member countries and provides financial (monetary) solutions to improve its members' balance of payments'.