

Candidate 2 unannotated evidence

The evidence for has been put together from several different 2018 question paper candidates.

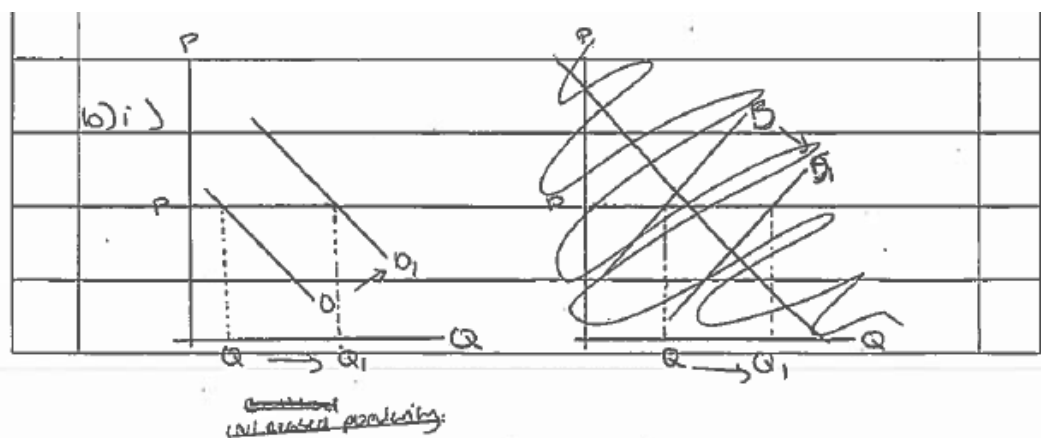
Question 1a(i)

QUESTION		MARGIN
1a(i)	The market for bottled water is when the supplier and demander come together and agree a price at which to trade the bottled water for.	

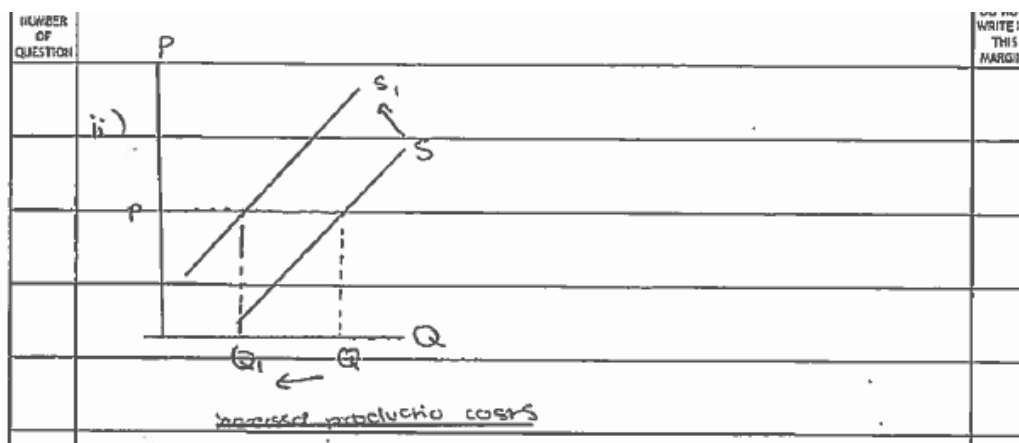
Question 1a(ii)

ii) The demand curve is on the supply and demand graph which has quantity supplied/demanded along the bottom, from left to right (from zero on the left), and price along the side from bottom to top (from zero at the bottom). As price increases going up along the y-axis demand decreases going left along the y-axis, and vice versa. The reason for this is simple: when the price of something increases the demand for it almost always decreases. Thus the demand curve slopes from low price high demand too high price low demand.

Question 1b(i)



Question 1b(ii) and (iii)



Question 1c

QUESTION		MARGIN
1c)	<p>One variable cost for Highland Spring would be the labour it takes to produce the water.</p>	

Question 1d(i)

d) i) An embargo. This constitutes a total ban on certain products from certain countries coming into the country. This is a barrier to trade because the only way to get that product into the country would be to do so via illegal means, such as smuggling.

Tariffs. This is a tax placed on products imported into the country, which artificially raises the price of that product for domestic consumers.

A quota. This stipulates that only a certain amount of product can enter the country. It differs from an embargo in that some products are allowed in.

Question d(ii)

1dii)	One reason a trade barrier would be imposed is because the government would want to protect jobs in this country. This would stop firms importing ^{cheaper} goods from elsewhere, where labour is cheaper.
	Another reason a trade barrier would be imposed is because the government has strict safety standards that it wants all goods to abide by

QUESTION	ANSWER
	and by introducing trade barriers, goods that do not adhere to these standards would not be allowed in the country.
	A third reason for implementing a trade barrier is because the government would want to protect UK industry from other cheaper countries. For example, the UK government might introduce a trade barrier on cars because it wants to protect the UK car industry.

Question 1e

1e)	Calculating inflation:	
	• The family expenditure survey is carried out to find out which goods are most commonly bought by households in the UK.	

QUESTION	MARGIN
1e)	
	• These goods are placed in what is known as the basket of goods.
	• Each good is given a weighted average depending on how much it is bought.
	• The prices of these goods are collected from retailers around the country.
	• The price of these goods are compared to last time.
	• The average percentage change in the prices is calculated. This is inflation.

Question 2a

2 a)	Unemployment decreased from 1,600 thousand in 2012 to 1,200 thousand in 2014 to 800 thousand in 2016.	
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Question 2b

	2 b) Unemployment is measured in the UK by means the claimant count. The claimant count is the number of people eligible for job seekers allowance (JSA). It is measured by counting how many people are unemployed (available,	
NUMBER OF QUESTION	are and willing to work.).	WRITE IN THIS MARGIN
	It is also Unemployment is also measured by a different method (survey) which is a survey of 150,000 people and they are classed as unemployed if they are have actively ^{ea} searched for a job in the last 4 weeks, have found a job and is waiting to start is and have been available to work in the last 2 weeks.	

Question 2c

2c)	<ul style="list-style-type: none">• Cyclical Unemployment - This is associated with or caused by a recession.• Technical Unemployment - Usually occurs due to mechanisation, when people are replaced by more efficient machines.• Structural Unemployment - Occurs due to the changing structure of an industry or the closing of an industry e.g. ship building	
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Question 2d

2d)	<p>One benefit to a government of a decrease in the level of unemployment is that they don't have to pay as much transfer payments out, like benefits. This means that they can spend on more pressing issues that need more money like the NHS.</p> <p>Another benefit to a government of a decrease in the level of unemployment is that it decreases the burden of the NHS as people can afford better quality, more expensive</p>	
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QUESTION	MARGIN
lifestyles. This means fewer people are unhealthy and need the NHS. so the government doesn't have to spend as much on it.	

A third benefit of a decrease in the level of unemployment is for the government is that they get more tax revenue as more people are paying taxes like income tax. This means that they can spend more on issues like the NHS.

Question 2e

	e) Free trade - no trade barriers between	
	EU countries	

Question 2f

2 f) The advantages of UK firms being EU members means that there are no trade restrictions and ~~the~~ goods and services can flow easily across the ~~border~~ countries. They are able to locate in other countries which might have a lower cost of labour. Cheap import costs as they are a part of the EU.

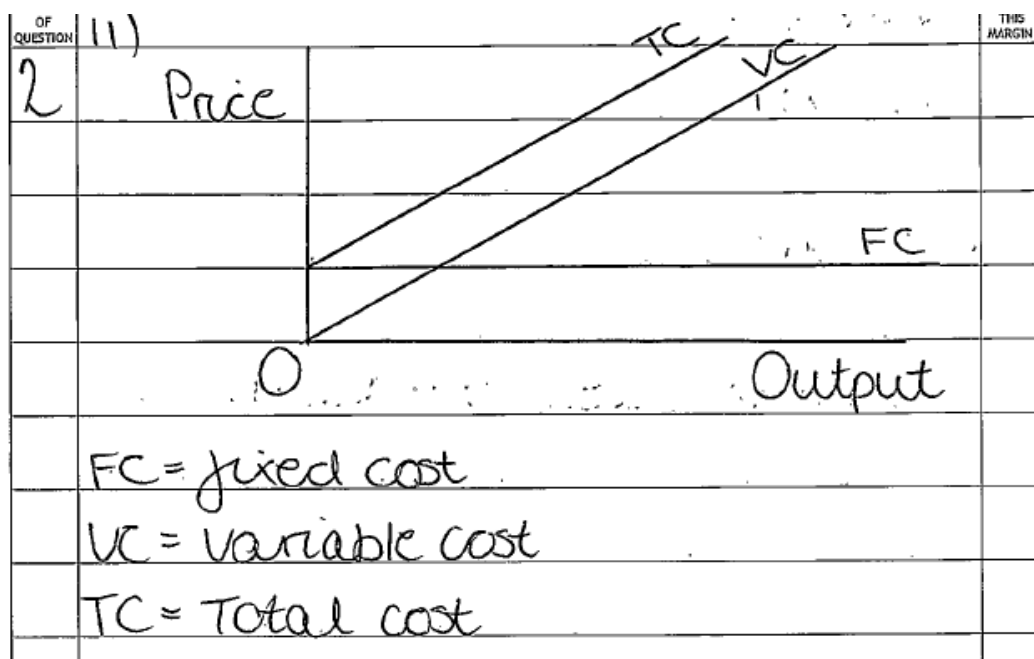
Question 2g

g) UK exports will decrease, because now less of a good can be bought with the same amount of Euros so it becomes ~~the~~ less appealing to other countries so they buy less as they have an increased cost.

Question 2h(i)

	b) i) A fixed cost is a cost which must be paid,	
	regardless of output	

Question 2h(ii)



Question 3a(i)

	3a) i) Direct taxes are levied on income/wealth	
	e.g. Income Tax	

Question 3a(ii)

	3a) ii) Indirect taxes are levied on expenditure.	
	e.g. VAT	

Question 3b

3	b) Profit	
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Question 3c

c)	<p>transfer payments are ^{sums of} money which is ^{are} paid with no economic benefit given in return. For example council benefits.</p> <p>the Job Seekers Allowance payments are also transfer payments because they are given to people who are unemployed, by the government but the government is gets nothing back in return.</p>	
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Question 3d

d) Capital spending is spending that is used for longer-term government projects, such

Question 3e

3e)	<p>Sectors of industry:</p> <ul style="list-style-type: none"> • Primary - Includes extractive ^{companies} industries, who extract natural resources from nature. • Secondary - Includes construction firm and/or firms that are about making things. • Tertiary - Includes those who provide a service. 	
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Question 4a

4a)	A developing economy has a low GDP whereas emerging has a rapidly increasing GDP.	
	Developing is mainly invested in the primary sector whereas emerging economies have shifted to the secondary sector.	
	Developing economies have low trade and exports, whereas emerging economies have a high amount of trade and exports.	

Question 4b

4	b) Advantages to a multinational locating in the UK are an increase in jobs available and a variety of goods and services are available. The goods and services are also cheaper and better quality.	
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ENTER NUMBER OF QUESTION	Disadvantages to a multinational locating in the UK are: infant companies will not be able to compete and go out of business, dependence is may occur. of Increase in pollution as more products are made.	DO NOT WRITE IN THIS MARGIN
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Question 4c(i)

c) Exchange rate is the price of one ~~currency~~ currency in terms of another

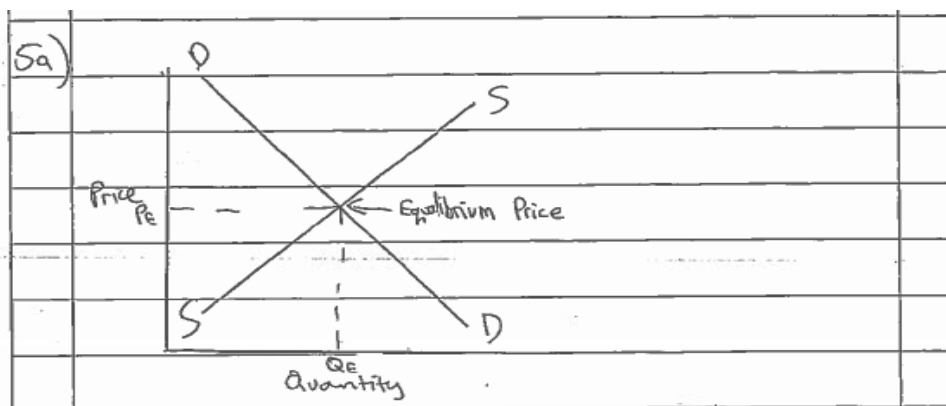
Question 4c(ii)

ii) £1:€1:10 . $10 \times 1.10 = €11$

Question 4c(iii)

iii) £1:€1:20 . $1.20 \times 10 = €12$. \therefore Difference = €1.

Question 5a



QUESTION	THIS MARKS
<p>The price of a good eventually settles at an equilibrium because if the price was too high then people would buy other substitute products and there would be a surplus which is what the supplier wants to avoid. However if the price was too cheap the demand would be far too high and the supplier would want to change the price so it was more expensive and fewer people would demand the product. So the price settles at the equilibrium price because there is enough supply for the demand and but there is not too much supply or too little.</p>	

Question 5b

b)	<ul style="list-style-type: none"> • The time of year ^{such as summer} as better weather will increase demand 	
	<ul style="list-style-type: none"> • The income level of the population, rises 	
	<ul style="list-style-type: none"> • The price of a substitute good such as holiday in lake district rises 	
	<ul style="list-style-type: none"> • A good advertising advertising campaign 	
	<ul style="list-style-type: none"> • It becomes ^{trendy} harder to go to Loch Lomond 	

Question 5c

5c)	The supply curve usually slopes upwards from left to right because the supplier is more willing to produce more goods if they get more revenue for them as this will increase their profits. Suppliers also produce very little products at a low price as they then would make a loss and if they made huge quantities of products at a low price, the firm would go bust.	
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Question 6a(i)

6a)i)	Banks Pay day lenders building society	
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Question 6a(ii)

ii) The borrower might want to consider whether they are able to repay the interest on the loan, or whether they feel as though this is too high a rate to be able to comfortably repay.

Question 6b

b) Their loan will likely increase in amount leaving them with less disposable income. This will likely decrease their standard of living as they cannot afford what they could before and may leave them in more debt if they don't have the means to pay off the high ^{increased} loan.

Question 6c

QUESTION	MARGIN
c) The HUMANS have unlimited wants, but the resources with which to meet these wants are limited. This means all the goods and services that people want cannot be provided so choices must be made. This means each resource has an opportunity cost and is therefore scarce as something has to be sacrificed to obtain it.	

Question 7a(i)

7a)(i) = Cost push inflation
• Increase in money supply
• Demand pull inflation

Question 7a(ii)

	(ii) Cost push inflation is when	
	increased costs of production,	
	such as more expensive raw	
	materials or workers asking for wage	
	increases leads to higher prices	
	set by firms in order to maintain	
	profit	
	• Demand pull inflation is when an	
	increase in aggregate demand for	
	a product which can not be	
	matched by output forces firms	
		MARGIN
	to increase price to lower demand.	

Question 7b

QUESTION	MARKS
7b) The government to could increase their capital spending. This would mean that firms would have to employ more people which in turn means that more people can buy things in the economy, causing it to grow.	
The government also could also offer subsidies to firms which would mean that they could increase production by investing into machinery. This then helps increase supply and in turn grows the economy.	

Question 7c

