

Candidate 3 annotated evidence

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

Question 1a(i)

1. a) i) A market be it for bottled water or any other good or service is where demanders and suppliers meet be it to buy, sell or discuss goods. The market for bottled water is not necessarily a physical market place but rather just where the water is sold: all around the world.

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Question 1a(ii)

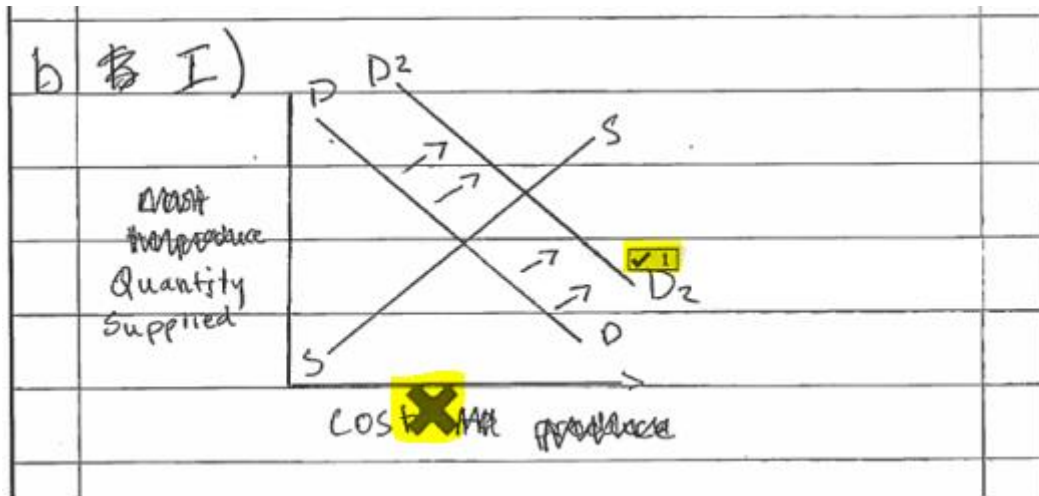
ii) One reason that demand curves slope downwards from left to right is because of the substitution effect. As price rises, people switch from buying "our" product to instead purchasing product that is seen as a substitute for "ours". This is because that other product now appears to be better value for money in comparison to "our", and is therefore more attractive to consumers.

Another reason is the income effect. As the price of a product rises, less people are able to buy it as it would take up a greater proportion of their income, and therefore they are unable to afford it. If they can't afford it, they will demand less of it, as effective demand, the ability and willingness to buy, has been diminished.

Another reason is the law of diminishing marginal utility. The more of something people have, the less utility they get from it. For example, if someone buys an ice lolly on a very warm day, they will likely get a very high amount of utility from that purchase. But, if they continue to buy them, the utility will decrease with each one they buy, meaning that will want to pay a lower price for them, as they gain less utility.

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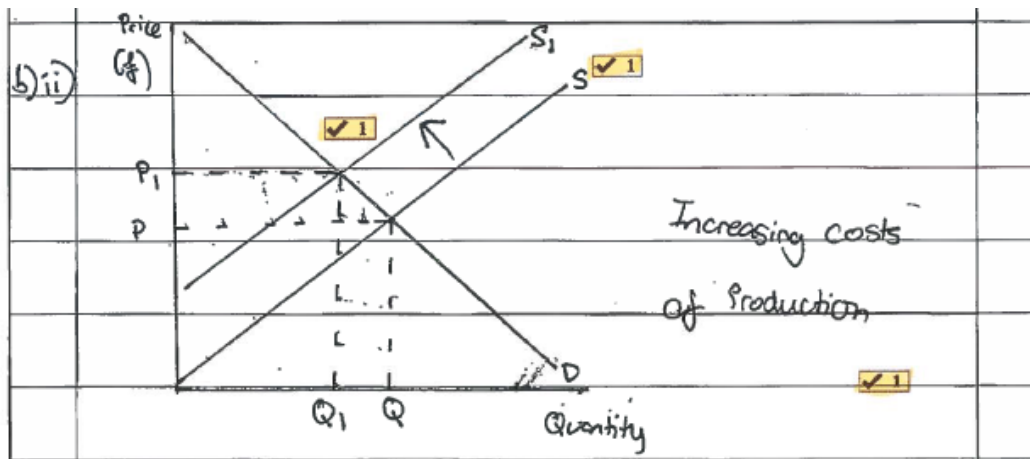
Question 1b(i) and 1b(iii)



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0/1

Question 1b(ii) and 1b(iii)



2/2

1/1

Question 1c

1c) [The cost of the plastic to make the bottles.]

1/1

Question 1d(i)

d) quota, tariff, embargo 0

0/3

Question d(ii)

(ii) • One reason to introduce barriers to trade is to protect consumers from dangerous products. ✓ 1	
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QUESTION	MARGIN
• Another reason is to protect employment in domestic domestic industries effected by foreign competition ✓ 1 so the government does not need to make more JSA payments as a result of increased unemployment.	
• Another reason is * for retaliation against another country for placing trade barriers on exports ✓ 1 or to exert political pressures ✓ 1	
• Protectionism also protects strategic industries meaning that domestic firms do not need to rely on foreign suppliers ✓	

3/3

Question 1e

e) In the UK inflation, currently at 3% is measured by taking the average price of a basket of goods all over the country and comparing the rise or fall of the average price to previous years. ✓ 1

1/3

Question 2a

QUESTION	MARGIN
2a) $[1600 - 800 = \underline{800\,000}]$ ✓ 1	

1/1

Question 2b

b) Unemployment can either be measured by a home survey (often more accurate as people honest) or by counting the amount of people who claim benefits (often less accurate as people can be embarrassed to be seen claiming benefits). 0

0/2

Question 2c

c) $[$ One cause of unemployment is ~~economic~~ technological unemployment. This is when machinery and capital replaces labour $]$ to increase efficiency. ✓ 1
 $[$ Another cause of unemployment is cyclical

or general unemployment. This is associated with a recession in the economy $]$ ✓ 1

$[$ Another cause of unemployment is frictional unemployment. This is when people are inbetween jobs, so they have left one job and are waiting to start the next job $]$ ✓ 1

Another cause of unemployment is regional unemployment. This is when a whole area suffers from unemployment due to the decline of an industry.

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Question 2d

d) [The government would benefit from a decrease in the level of unemployment because it means JSA (Job Seekers Allowance) Payments would decrease].
 [This means the government would have more money to spend on other areas such as education and healthcare.]

OF QUESTION	THIS MARGIN

[The government would benefit from a decrease in the level of unemployment because it would put less pressure on the healthcare system as unemployment often causes problems surrounding health].
 the government would also

3/3

Question 2e

(e) All countries included in the EU are located in Europe. **0**

0/1

Question 2f

f) [There are no trade barriers so it's cheaper to export ^{UK} ~~the~~ ^{EXP} products leading to higher net profits.] ^{ID} ✓

The EU is culturally similar and has similar tastes so UK goods perform better in those markets as their

ENTER NUMBER OF QUESTION		DO NOT WRITE IN THIS MARGIN
	competitiveness is not reduced.	
	[There is a larger market to sell ^{UK} the ^{ID} ✓ products so aggregate demand for the UK products is increased, leading to higher profits.] ^{EXP} ✓	

2/3

Question 2g

g) [Exports will probably decrease as there it will be more expensive for foreigners to buy the sterling and UK goods.] ^{EXP} ^{ID} ✓

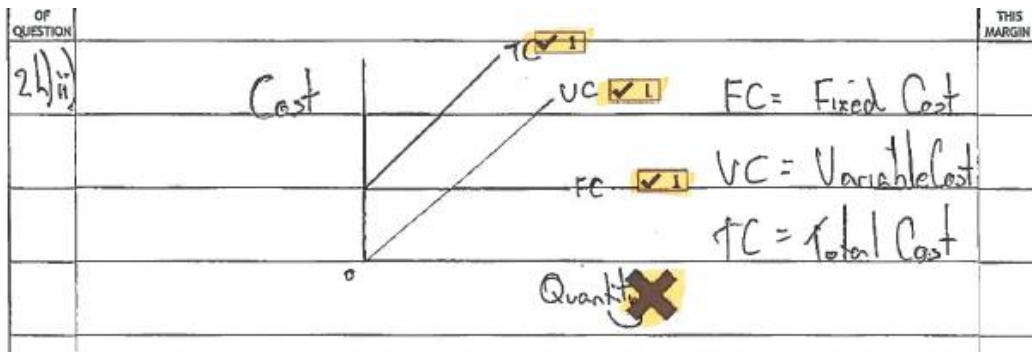
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Question 2h(i)

h) Fixed cost is a cost that doesn't change and is constant. ⁰

0/1

Question 2h(ii)



3/4

Question 3a(i)

QUESTION		MARGIN
	36% [Income tax] or Inheritance tax	

1/1

Question 3a(ii)

(ii) [VAT (Value Added Tax)] or Excise duties

1/1

Question 3b

3b) Percentage decrease 0

0/1

Question 3c

c) A transfer payment is where you transfer money from one bank account to another through internet banking or giving someone a cheque, you never actually see the money.

0/3

Question 3d

3 d) government capital is the money waiting to be spent on something where as current spending is the money which the government spends on something. 0

0/1

Question 3e

e) The public sector is the government.
 The private sector consists of profit maximising businesses.
 The Third sector is charities. 0/1

0/3

Question 4a

4a) Developing countries have : • Low economic growth ^a A
 e.g. Zimbabwe : High employment
 • low standard of living - Poor Infrastructure ^b B
 In comparison emerging economies have : • Rapid economic growth ^a ¹ A
 c.g. Brazil (5-10%)
 • Falling unemployment

NUMBER OF QUESTION	MARKS IN THIS MARGIN
4a)	
	• <u>Improving infrastructure</u> ^a ¹ B
	• <u>Medium standard of living</u> ^a ¹ C (around \$10,000 per capita p.a.)

3/3

Question 4b

5 An advantage of locating on the UK is that we have a stable economy. One disadvantage is that we have higher corporate tax. Another Adv is you will seem more reliable. However there are more rules and regulations if you stay in local in the UK.

0/4

Question 4c(i)

4c(i) An exchange rate is when one currency is compared with another.

0/1

Question 4c(ii)

ii) $£1 = €1.10$. $10 \times 1.10 = €11$ ✓ 1

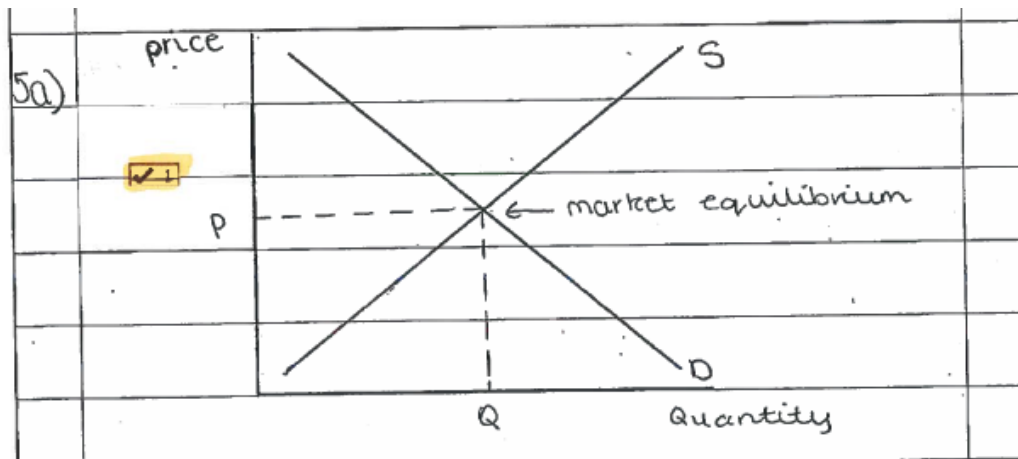
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Question 4c(iii)

STATEMENT OF QUESTION	MARGIN
iii) $£1 = €1.20$. $1.20 \times 10 = €12$. \therefore Difference = €1 ✓ 1	

1/1

Question 5a



The market equilibrium is where quantity demanded equals quantity supplied.

The price of a good will settle at equilibrium in a competitive market because ~~as price~~ if price increases too much there will be excess supply, but if price is too low there will be excess demand. This means suppliers have to find a ~~perfect~~ perfect balance and a point of rest where consumers are willing to buy the products but ~~the~~ suppliers still make

OF QUESTION	THIS MARGIN
a profit.	

1/4

Question 5b

b) A decline in the value of the pound against other currencies. This will cause holidays to Loch Lomond to appear better value for money for people in other countries, and will increase the demand. (2)

An advertising campaign conducted for holidays to the tourist area will make more people aware of it, and therefore, increase the demand for them. (2)

If there is a rise in people's incomes, they then become more able to afford holidays, and therefore, as they have decided that they can now spend more money on luxuries such as these holidays, they take more of them, increasing the demand. (2)

If the economy is doing well, then people will again be more willing to spend money on luxury items like holidays, as they do not believe that they need to keep as much money saved for the possibility of the economy going into recession, and them losing their job and much of their income. (2)

4/4

Question 5c

c) The supply curve usually slopes upwards from left to right because as the price of a good rises, suppliers become more willing and able to supply that good. This is because if price rises, profits will increase and so it is more

ENTER NUMBER OF QUESTION		DO NOT WRITE IN THIS MARGIN
	<p>[attractive to suppliers to produce that good. This means more producers will enter the market and supply increases.]</p> <p style="color: red; font-size: small;">Exp²</p>	

2/2

Question 6a(i)

QUESTION		THIS MARGIN
6a(i)	<ul style="list-style-type: none"> • [Credit Card Company] ✓ 1 • Loan Shark ✗ • [Bank] ✓ 1 	

2/2

Question 6a(ii)

ii)	<p>[A potential borrower may want to know the interest rates before taking out a loan] because if interest rates are high borrowers become worse off because they have to pay back more.</p> <p>A potential borrower may also want to know the rate of inflation because if inflation rises the real value of the bank loan will decrease.</p>	
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1/2

Question 6b

<p>5) If interest rates increase mortgage repayments/loan repayments increase in value so the borrower has less money to spend, resulting in a lower standard of living. They will have to prioritise spending and go without some luxuries.</p> <p>As it has become more expensive they will be discouraged from borrowing any more.</p>	
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3/3

Question 6c

<p>6c) Resources are scarce because people have unlimited wants for these resources and they are limited. These people are fuelled by advertising as these advertising campaigns persuade people that they must have these goods.</p> <p>People are also greedy so they want as many things as they can get which decreases the amount of resources available, hence making them scarce.</p>	
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3/3

Question 7a(i)

7 a)i) Inflation can be caused in two main ways: [cost push inflation] and [demand pull inflation].

2/2

Question 7a(ii)

ii) ① [When the price of raw materials increase suppliers raise the price of the goods] to maintain profits leading to an increase in the general price of a good.

② When the economy is in a boom and demand is exceedingly high suppliers try to take advantage of this by raising the prices of their goods to earn more profit.

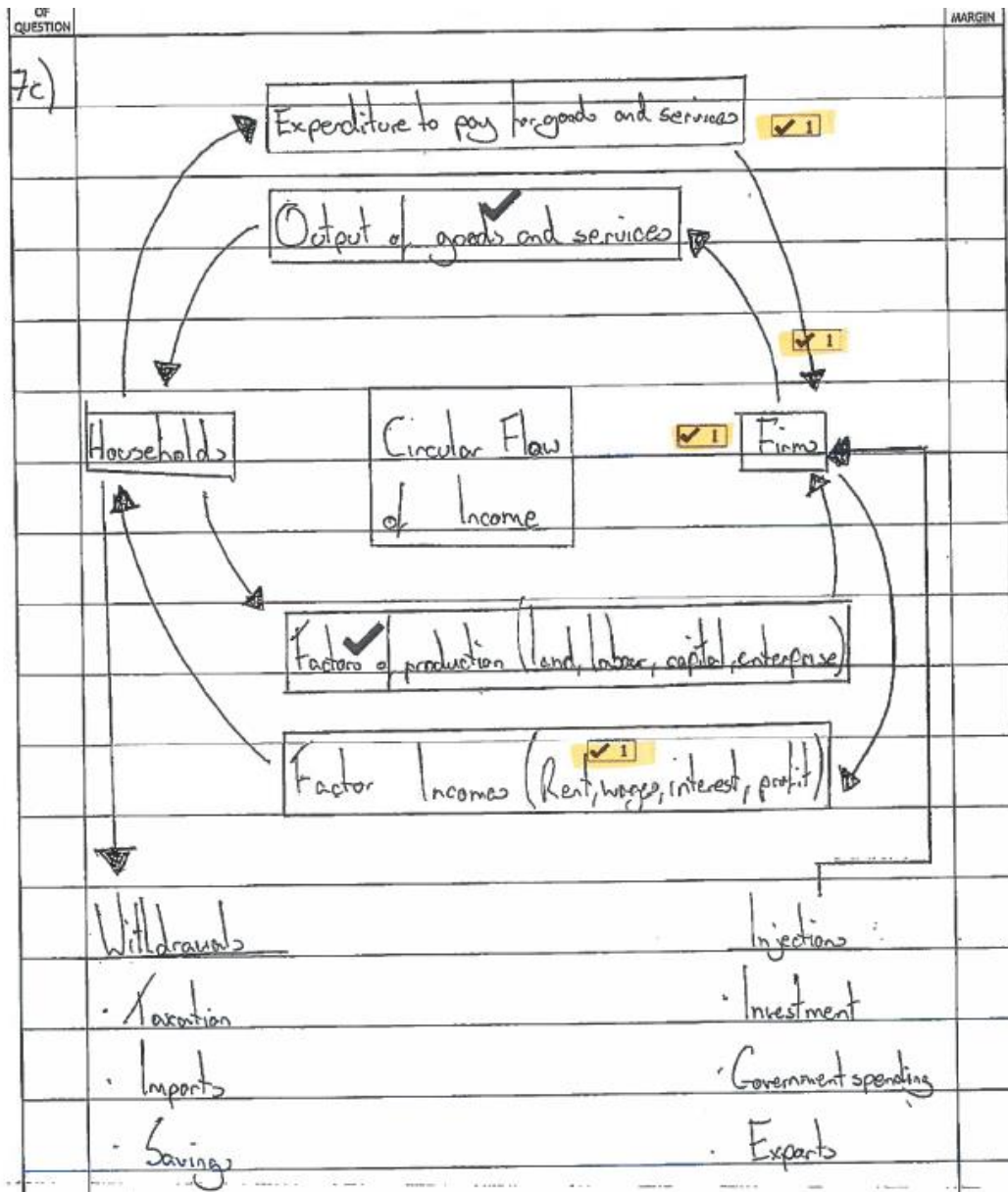
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Question 7b

b) There are many ways to increase economic growth, currently at 0.4% per annum. [An easy one is to pressure the Bank of England's monetary policy committee (MPC) to decrease interest rates which would encourage more borrowing which leads to growth.] In the long run they could invest in education which would then produce more high skill labour which would result in long term economic benefits.]

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Question 7c



4/4