

3	<p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is D</p> <p><i>A is not correct because AD would increase</i></p> <p><i>B is not correct because government spending is an injection into CFI</i></p> <p><i>C is not correct because AS is likely to increase</i></p>	(1)
----------	--	---	------------

6	<p>QS2: Calculate, use and understand percentages, percentage changes and percentage point changes</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p> <p>QS10: Distinguish between changes in the level of a variable, and the rate of change</p>	<p>The only correct answer is C</p> <p><i>A is not correct as the rate of inflation was highest in November 2022</i></p> <p><i>B is not correct as the average price level was highest in July 2023</i></p> <p><i>D is not correct as the rate of inflation increased each month between June 2021 and June 2022</i></p>	(1)
----------	---	---	------------

6	<p>QS1: Calculate, use and understand ratios and fractions</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is A</p> <p><i>B is not correct as this is the ratio for 2018:2019</i></p> <p><i>C is not correct as this is the ratio for 2019:2018</i></p> <p><i>D is not correct as this is the ratio for 2020:2018</i></p>	(1)
----------	--	--	------------

5	<p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is A</p> <p><i>B is not correct because this is likely to have caused a decrease in investment</i></p> <p><i>C is not correct because this is likely to have caused a decrease in investment</i></p> <p><i>D is not correct because this is likely to have caused a decrease in investment</i></p>	(1)
----------	--	--	------------

3	<p>QS1: Calculate, use and understand ratios and fractions</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is A</p> <p><i>B is not correct as this is the ratio of Qatar's GNI in 2020 to its GNI in 2022</i></p> <p><i>C is not correct as this is 1 : percentage change in GNI</i></p> <p><i>D is not correct as this is 1 : difference between the GNI values</i></p>	(1)
----------	--	---	------------

2	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	<p>The only correct answer is C</p> <p><i>A is not correct as it is most likely that there will be an increase in profits for firms</i></p> <p><i>B is not correct as it is most likely that there will be an increase in the rate of inflation</i></p> <p><i>D is not correct as it is most likely that there will be an increase in government tax revenues</i></p>	(1)
---	---	--	------------

5	QS8: Make calculations of elasticity and interpret the result	C	(1)
---	--	---	------------

3	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	<p>The only correct answer is D</p> <p><i>A is not correct as an increase in business confidence is most likely to increase AD</i></p> <p><i>B is not correct as an increase in house prices is most likely to increase AD</i></p> <p><i>C is not correct as an increase in net exports is most likely to increase AD</i></p>	(1)
---	---	--	------------

1	QS1: Calculate, use and understand ratios and fractions	<p>The only correct answer is D</p> <p><i>A is not correct because the value of the multiplier ratio is 2</i></p> <p><i>B is not correct because the value of the multiplier ratio is 2</i></p> <p><i>C is not correct because the value of the multiplier ratio is 2</i></p>	(1)
---	--	--	------------

2	-	<p>The only correct answer is B</p> <p><i>A is not correct as profits for firms are likely to rise</i></p> <p><i>C is not correct as the government is likely to earn more tax revenue</i></p> <p><i>D is not correct as this is a benefit of growth</i></p>	(1)
---	---	---	------------

2	QS9: Interpret, apply and analyse information in written, graphical and tabular forms	B	(1)
---	--	---	------------

2	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	<p>The only correct answer is C</p> <p><i>A is not correct as this occurs when people move between jobs</i></p> <p><i>B is not correct as this occurs when wages are set above the equilibrium wage rate</i></p> <p><i>D is not correct as this occurs when there is a mismatch between the skills that workers have and the skills demanded by employers</i></p>	(1)
---	---	--	------------

6	<p>QS5: Calculate and interpret index numbers</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is B</p> <p>A is not correct as the incorrect formula has been used ($226.3/267.5 \times 100$)</p> <p>C is not correct as the incorrect formula has been used ($246.4/226.3 \times 100$)</p> <p>D is not correct as the incorrect formula has been used ($267.5/226.3 \times 100$)</p>	(1)
----------	---	--	------------

2	-	A	(1)
----------	---	---	------------

4	<p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	C	(1)
----------	--	---	------------

4	<p>QS1: Calculate, use and understand ratios and fractions</p> <p>QS9 Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is D</p> <p>A is not correct as the incorrect formula has been used (0.4×2.5)</p> <p>B is not correct as the incorrect formula has been used (0.6×2.5)</p> <p>C is not correct as the incorrect formula has been used ($2.5 / 0.6$)</p>	(1)
----------	---	---	------------

5	-	<p>The only correct answer is B</p> <p>A is not correct as this would reduce investment</p> <p>C is not correct as this would reduce investment</p> <p>D is not correct as banks would have less money available for investment</p>	(1)
----------	---	---	------------

3	<p>QS2: Calculate, use and understand percentages, percentage changes and percentage point changes</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is B</p> <p>A is not correct as this is the difference in expenditure between 2021 and 2022</p> <p>C is not correct as this uses the incorrect formula $[(\text{new-old}/\text{new}) \times 100]$ to calculate the percentage change</p> <p>D is not correct as this uses the incorrect formula $[(\text{new}/\text{old}) \times 100]$ to calculate the percentage change</p>	(1)
----------	--	--	------------

Question		Mark
12 (a)	<p>Define the term 'recession' (Extract A, line 2).</p> <p>Knowledge 2</p> <p>Negative economic growth / fall in real GDP (1) for two <i>consecutive/successive</i> quarters / six months (1)</p>	(2)

Question	With reference to Figure 1, explain what is meant by the savings ratio.	Mark
12 (b)	<p>Knowledge 2, Application 2</p> <p>Quantitative Skill Assessed QS2: Calculate, use and understand percentages, percentage changes and percentage point changes QS9: Interpret, apply and analyse information in written, graphical and tabular forms</p> <p>Knowledge Up to 2 marks for defining what is meant by the savings ratio: <ul style="list-style-type: none"> total savings/total disposable income (1) x 100 (1) proportion or percentage of total disposable income (1) that is saved/not spent (1) savings represent that part of income which is not spent (1) </p> <p>Application Up to 2 marks for relevant application, e.g.: <ul style="list-style-type: none"> Savings ratio has increased (1) from 3.6% in Q3 2018/to 22% Q2 2020 (1) Between Q2 2020 and Q3 2020, savings ratio fell (1) from 22% in Q2 2020 to 18.7% in Q3 2020/by 3.3 percentage points (1) </p>	(4)

12(c)	<p>Knowledge 2, Application 2, Analysis 2</p> <p>Quantitative Skill Assessed QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p> <p>Knowledge and analysis 1 knowledge mark for defining consumption, e.g.: <ul style="list-style-type: none"> Consumer spending on goods and services (1K) </p> <p><i>AND/OR</i></p> <p>Up to 2 knowledge marks for identifying two influences on the level of consumption in Australia and up to 2 analysis marks for linked development of two influences identified: <ul style="list-style-type: none"> House prices (1K) when rising, increase consumer confidence/ cause the wealth effect (1AN) Interest rates (1K) when low implies low reward for saving and low cost of borrowing (1AN) Level of welfare payments (1K) when increased results in higher disposable income and consumption (1AN) Consumer confidence (1K) implies consumers are likely to make more purchases as they expect their financial situation to improve (1AN) </p>	
-------	--	--

Application

Up to 2 marks for use of the data or reference to context, e.g.,

- Household consumption fell by 12.5% in the second quarter of 2020 **(1)** but increased by 7.9% in third quarter **(1)**
- household consumption supported Australia's economic recovery **(1)**

(6)**12 (d)****Knowledge 2, Application 2, Analysis 2, Evaluation 2****Quantitative Skill Assessed**

QS2: Calculate, use and understand percentages, percentage changes and percentage point changes

QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms

Knowledge and analysis

1 knowledge mark for understanding of unemployment, e.g.:

- people of working age who are without work, but are able and available for work **(1K)**

AND/OR

Up to 2 knowledge marks for identifying effects of an increase in the rate of unemployment and up to 2 analysis marks for linked development of two effects identified:

- Fall in disposable income **(1K)** leads to a fall in consumer confidence so less consumption/AD/living standards **(1AN)**
- Worsening public finances **(1K)** leads to lower tax revenues from earnings/higher government spending on welfare payments **(1AN)**
- Future job prospects affected **(1K)** workers lose their skills/loss of human capital, so will find it difficult to get work in the future **(1AN)**
- Loss of potential output/GDP **(1K)** leads to waste of scarce resources/an increase in spare capacity **(1AN)**

Application

Up to 2 marks for reference to Figure 2, e.g.:

- Unemployment rate increased from around 5.3% in July 2018 **(1)** to around 7.5% in July 2020 **(1)**
- Between Jan 2020 and July 2020, unemployment rate rose by around 2.3 **(1)** percentage points **(1)**

Evaluation

Up to 2 marks for evaluative comments (1+1 or 2+0), e.g.:

- Fall in disposable income is likely to be short term **(1)** due to the continuation of the JobKeeper Payment scheme **(1)**
- Public finances will be the more significantly affected **(1)** as a result of the schemes in place to protect jobs, in addition to the welfare payments being made **(1)**
- With greater supply of workers, firms can employ more workers at lower wage rates in the future **(1)** due to the reduced wage bargaining power of the workers **(1)**
- Unemployment is a lagging indicator **(1)** so even in economic recovery, it takes time to hire workers and the effects may be short lived as unemployment may not be as high **(1)**
- Despite the rise in unemployment, household consumption increased by 7.9% in quarter 3 **(1)**
- Could reduce inflationary pressures/protect environment **(1)**

(8)

12(e)

Indicative content guidance

Answers must be credited by using the level descriptors (below) in line with the general marking guidance.

The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included.

Other relevant points must also be credited.

Quantitative Skill Assessed

QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms

Knowledge, Application and Analysis (8 marks) – indicative content

- Understanding of productivity
 - Understanding of interventionist supply-side policies
 - AD/LRAS diagram showing a change in LRAS consistent with analysis/use of PPF diagram
 - “Between 2010 and 2020 Australia’s average annual increase in productivity was 1.7%”
-
- “Providing finance for business start-ups”: guaranteeing bank loans so that banks are more willing to lend/exemptions from certain regulations that are costly to comply with – these businesses are often innovative and disruptive, and create more competition leading to increasing productivity
 - “Investment in infrastructure improvements”: spending on e.g., broadband (digital) or roads (physical) would reduce industry costs and /or improve access to market and more efficient factors of production – this will increase competition and drive innovation leading to greater productivity
 - “Investment in high-quality education and training schemes”: introducing apprenticeship courses or improving access to higher education – this would improve the skills, flexibility and mobility of labour leading to an increase in human capital and therefore productivity
 - “Offering tax incentives and subsidies to encourage investment”: this would reduce the production costs for firms facilitating them in undertaking capital expenditure and invest in R&D/technological advancements. This investment is likely to drive innovation and increase productivity

NB Award a maximum of level 2 if only policies not in Extract B are considered e.g.: regional policy, investment in healthcare and housing

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
Level 2	4-6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 3	7-8	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using relevant examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

Evaluation (6 marks) – indicative content

- Significant Government investment and support is required: Australia's "average annual growth in real GDP per capita was 0.6%. This was below the 1% growth in GDP per capita in the USA." – the Government may not have enough tax revenue/income to finance their spending and may need to borrow
- Opportunity cost of this sizeable increase in government spending which could worsen the Australian Government's public finances (no balanced budget – a macroeconomic objective)
- Time lag involved with supply-side policies, especially with investments in education, training and infrastructure
- Consideration of effectiveness of supply-side policies such as education – e.g. depends on the quality of education and training schemes in place
- Consideration of effectiveness of supply-side policies such as infrastructure – e.g. poor quality projects may imply an inefficient allocation of scarce resources/factors of production

- Difficult to accurately measure productivity, especially in the service sector: service sector accounts for nearly 70% of Australia's GDP: the Government may not know how much to invest/subsidise

Question	Evaluate supply-side policies that a government could use to increase the country's productivity.
13	<p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance.</p> <p>The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p>Knowledge, Application and Analysis (12 marks) – indicative content</p> <ul style="list-style-type: none"> • Supply-side policies are designed to increase productivity, competition, and incentives in an economy – it can be shown via a shift outward of the LRAS creating both actual and potential growth • Productivity is a measure of output per worker/output per unit of input/output per hour worked • Increased government spending on skills through investment in education and/or training – this would increase human capital and raise productivity • Increased government spending on infrastructure investment (e.g. roads or broadband) – this would reduce industry costs or improve access to markets • Reducing the level of welfare benefits – this would incentivise the unemployed to take jobs, work harder and increase output per worker of those in work • Privatisation - this may lead to increased competition, greater innovation resulting from higher R&D spending, and therefore higher productivity • Cutting cost of bureaucracy and/or deregulation of firms – this would raise efficiency and productivity by increasing competition between firms • Reducing regulation and/or increasing competition by reducing barriers to entry in product markets • Reducing corporation tax – this incentivises firms to innovate by investing in technological advancements and therefore increasing potential output • Reducing income tax rates – this might motivate employees to work harder/longer <p>NB Award a maximum of level 3 if no reference to specific country(s)</p>

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	<p>Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models.</p> <p>Use of generic material or irrelevant information or inappropriate examples.</p> <p>Descriptive approach, which has no chains of reasoning.</p>
Level 2	4–6	<p>Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models.</p> <p>Limited application of knowledge and understanding to economic problems in context.</p> <p>A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.</p>

Level 3	7–9	<p>Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models.</p> <p>Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer.</p> <p>Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.</p>
Level 4	10–12	<p>Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models.</p> <p>Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question.</p> <p>Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.</p>

Evaluation (8 marks) – indicative content

- Government will have to spend significant amount of money to increase Japan's productivity as it is much lower than that of the USA
- It is difficult to accurately measure productivity
- Significant time lags and implementation lags for supply-side policies
- Creates an opportunity cost for the government: funds may not be spent in areas that would contribute to high productivity (asymmetric information)
- Supply-side policies are less effective when there are large amounts of spare capacity in an economy: they create potential growth but no actual growth
- Consideration of the effectiveness of supply-side policies such as infrastructure and education at delivering sustainable growth
- Depends on the quality of education, training and infrastructure projects
- Privatisation may lead to private monopolies, leading to less productivity
- Cut in welfare benefits designed as an incentive to work may be ineffective if the unemployed are willing to receive lower payments and do not work
- Reducing bureaucracy may create unemployment in the short-term
- Reducing corporation tax rates would be ineffective if companies boost short-term profits rather than investing in productivity-boosting technology
- Reducing income tax rates may create an incentive for employees to take more leisure time

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	<p>Identification of generic evaluative comments.</p> <p>No supporting evidence/reference to context.</p> <p>No evidence of a logical chain of reasoning.</p>
Level 2	4–6	<p>Evidence of evaluation of alternative approaches.</p> <p>Some supporting evidence/reference to context.</p> <p>Evaluation is supported by a partially developed chain of reasoning.</p>
Level 3	7–8	<p>Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement.</p> <p>Appropriate reference to evidence/context.</p> <p>Evaluation is supported by a logical chain of reasoning.</p>

13

Indicative content guidance

Answers must be credited by using the level descriptors (below) in line with the general marking guidance.

The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited.

Knowledge, Application and Analysis (12 marks) – indicative content

- Understanding of economic growth

Costs include:

- Environmental costs:
 - increased use of non-renewable resources/the overconsumption of natural resources, has led to an increase in pollution from the burning of fossil fuels
 - deforestation has made climate change worse and has caused soil erosion/biodiversity loss, thereby creating greater external costs
- Inflation rising as full capacity is approached – bottlenecks may arise where some restrictions in the supply chain cause an increase in cost and wage pressures
- More unequal distribution of income and wealth as the rich tend to get richer relative to the poor/increased inequality as returns to economic growth are unequally distributed, with those who already own more factors of production receiving a greater increase in income
- Balance of trade deficits:
 - as average incomes rise, consumers are likely to respond by buying more imported goods, worsening the country's trade balance
 - increased production of goods and services may require more raw materials and components to be imported, worsening the country's trade balance
- Decrease in national happiness and wellbeing if economic growth results in longer working hours and increased stress
- Decrease in living standards and quality of life if economic growth is associated with increased congestion, loss of countryside etc.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach, which has no chains of reasoning.
Level 2	4-6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
Level 3	7-9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 4	10-12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

Evaluation (8 marks) – indicative content

Benefits of economic growth include:

- more employment opportunities/lower unemployment
- increased tax revenues for the government which may be used to improve public services or redistribute incomes
- higher profits for companies which may be used to improve the quality products or to produce new innovative products

- consumers can afford to buy more goods and services and/or have more leisure time
- National happiness may increase because people have higher real incomes and can afford more goods and services
- Living standards and quality of life may increase e.g. because of improved housing conditions, better education and health
- Environment costs may not arise:
 - if the country already uses renewable resources in some industries
 - if firms invest their profits in clean and green technology leading to more sustainable growth
 - depends on the extent of the effectiveness of the governments' environmental policies
- Inflation may not arise:
 - if economic growth is due to increase in the productive potential of the economy/rightward shift of the LRAS
 - proximity to full employment level of output; if spare capacity exists and AD shift continues to be on elastic segment of LRAS
 - depends on extent to which the domestic economy's capacity/ supply can meet the rising demand
- Trade deficit may not worsen if economic growth is:
 - as a result of increase in exports (export-led)
 - generated through an increase in productivity (for e.g., through investment in capital/technology), which would increase exports

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4-6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	7-8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.