6	**QS2**: calculate, use and understand percentages, percentage changes and percentage point changes	B	**(1)**

2	**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	B	**(1)**

2	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	**The only correct answer is C** **A** is not correct because the inflation rate is always positive throughout the period **B** is not correct because inflation was experience in May, June, July and August so average price levels would be higher in August **D** is not correct because the rate of inflation was lowest in July	**(1)**

1		**The only correct answer is A** **B** is not correct because the students are employed **C** is not correct because real wage inflexibility relates to a cause of unemployment **D** is not correct because the students are economically active	**(1)**

1	**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	**The only correct answer is B** ***A** is not correct as there is no data on real wage rates* ***C** is not correct because the changes in the table show a short-term increase in unemployment and structural unemployment is a long-term issue* ***D** is not correct because the increase is linked to the fall in real GDP*	**(1)**

3	**QS1:** Calculate, use and understand ratios and fractions **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is C** ***A*** *is not correct as this is calculated using an incorrect formula: 44 / 1.5* ***B*** *is not correct as this is calculated using an incorrect formula: 44 x 1.5* ***D*** *is not correct as this is calculated using an incorrect formula: (44 x 1.5 x 1000)*	**(1)**

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

5	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is C** ***A*** *is not correct as incomes will fall and reduce national happiness* ***B*** *is not correct as profits for firms will fall as consumer spending decreases* ***D*** *is not correct as welfare payments will increase*	**(1)**

3	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is A** ***B*** *is not correct as data does not refer to inactive people but to underemployment* ***C*** *is not correct as data does not refer to unemployment but to underemployment* ***D*** *is not correct as the data does not relate to the price level*	**(1)**

5	**QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is A** ***B*** *is not correct because welfare payments would fall when unemployment decreases* ***C*** *is not correct because demand for exports is affected by unemployment rates overseas, not in Spain* ***D*** *is not correct because we cannot tell what happened to economic inactivity rates*	**(1)**

3	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is A** ***B*** *is not correct because withdrawals will be greater than injections* ***C*** *is not correct because the data relates to the government's budget* ***D*** *is not correct because the data relates to the government's budget*	**(1)**

3	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is C** ***A*** *is not correct because this will decrease the value of the multiplier* ***B*** *is not correct because this will decrease the value of the multiplier* ***D*** *is not correct because this will decrease the value of the multiplier*	**(1)**

6	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is A** ***B*** *is not correct as SRAS will shift outwards* ***C*** *is not correct as LRAS will shift outwards* ***D*** *is not correct as AD will shift inwards*	**(1)**

4	**QS4**: Construct and interpret a range of standard graphical forms **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is C** ***A*** *is not correct as this will increase aggregate demand* ***B*** *is not correct as this will cause a rightward shift in the SRAS curve* ***D*** *is not correct as this will increase aggregate demand /shift the LRAS curve to the right*	**(1)**

Question Number	Quantitative skills assessed	Answer	Mark
1	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is C** ***A*** *is not correct because potential growth is illustrated by a rightward shift in the LRAS* ***B*** *is not correct because potential growth is illustrated by a rightward shift in the LRAS* ***D*** *is not correct because potential growth is illustrated by a rightward shift in the LRAS*	**(1)**

3	**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	**The only correct answer is B** ***A*** *is not correct as this is the percentage-point change* ***C*** *is not correct as this uses the incorrect equation: change/new x 100* ***D*** *is not correct as this is the sum of the two percentages*	**(1)**

4	**QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is C** ***A*** *is not correct because the part-time workers are in employment* ***B*** *is not correct because protectionism aims to protect jobs* ***D*** *is not correct because labour is being under-utilised*	**(1)**

1	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is B** ***A*** *is not correct because net investment is gross investment minus capital depreciation* ***C*** *is not correct because net investment is gross investment minus capital depreciation* ***D*** *is not correct because net investment is gross investment minus capital depreciation*	**(1)**

Question	In 2022 the Government of China decided to invest 1.48 trillion yuan in many new transportation, energy, and telecommunication infrastructure projects. Evaluate the likely benefits of an increase in government expenditure on infrastructure. Refer to an economy of your choice in your answer.
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** • Infrastructure spending includes spending on transport, power supplies and telecommunications • Infrastructure projects will increase government spending/investment which will boost AD as government spending/investment is a component of AD (may be shown diagrammatically) • The injection into the circular flow of income will result in further rounds of spending via the multiplier effect (may be shown diagrammatically) • This may increase real output • Improved infrastructure will make doing business easier and cheaper; it lowers production costs for firms • Reliable energy/power supplies mean production can happen undisrupted • Better transport systems mean that raw materials can be moved quicker wasting less time, increasing efficiency • Workers will waste less time traveling as there is less congestion • Better telecommunications e.g. broadband speeds will enable workers to work more quickly, not waiting for information to download or upload • The LRAS shifts rightwards: this may cause deflationary pressure and an increase in potential output (may be shown diagrammatically) • Employment increases as people work on projects directly and indirectly **NB Award a maximum of Level 3 for answers with no reference to an economy in their answer**

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

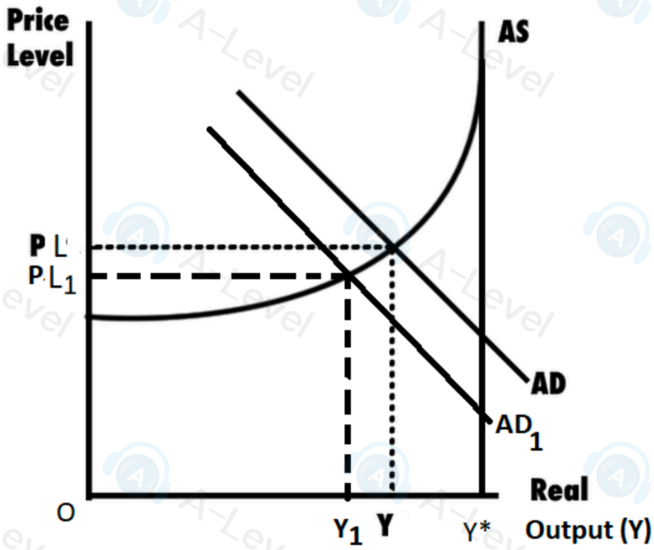
- Increased AD may cause greater inflationary pressures
- Infrastructure projects may have a negative effect on the environment
- The rise in government expenditure may mean that the government cannot meet the objective of achieving a balanced budget
- Significant time lag for infrastructure projects to be completed
- Infrastructure projects can result in delays during construction
- No guarantee that infrastructure projects will have a positive impact on productivity if the value of the projects is lower than the cost of building
- Consideration of effectiveness of infrastructure projects at delivering economic growth that does not negatively impact third parties
- Overall impact on real output depends on size of the multiplier
- Impact on real output/inflation depends on the level of spare capacity in the economy/elasticity of the LRAS
- Magnitude- this is substantial spending which should see a larger benefit in terms of increase in GDP
- The increase in government spending/investment could be offset by a decrease in the other components of AD e.g. consumption or net trade

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.

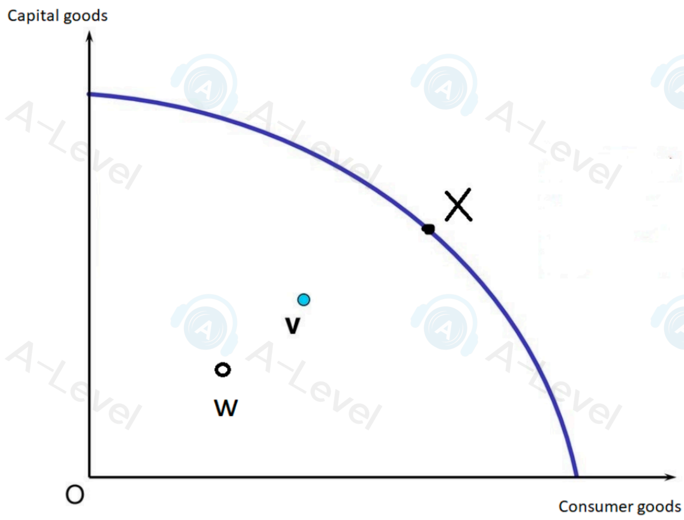
14	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, Application and Analysis (12 marks) – indicative content** • Unemployment- those willing and able to work but unable to find suitable employment • Unemployment has increased from 27.6% to 29%/increase of 1.4% Workers • Workers may fear losing their job and may increase savings, thus reducing consumption, aggregate demand and subsequently leading to a fall in real output and a fall in the price level • Workers may take jobs that are below their skill levels leading to underemployment • Workers who lose their jobs may spend a long time unemployed and become deskilled – they will be less employable and less attractive to employers • Workers who lose their job will see a reduction in earnings/living standards/ability to meet their basic needs • Social effects of unemployment – divorce, crime rate, health impacts • Long term effects of intergenerational unemployment Public finances • As more become unemployed they may qualify for unemployment benefits, this will cause an increase in government spending • As people move from employment to unemployment, they may move from being income taxpayers to non-income taxpayers reducing income tax revenue • Higher unemployment suggests lower output, thus lower profits for private firms and lower corporation tax revenue for government • With lower tax revenue and higher government expenditure the fiscal position will worsen. • Government may need to provide training to workers, or support to private firms - once again increasing spending and worsening fiscal position

Resource utilisation

- Resource utilisation is worse as scarce resources of labour are being wasted
- With higher unemployment the economy is going to be below full employment level of output



- The rise in unemployment will cause real output to move further away from the full employment level of real output, at Y*. Output moves from Y to Y1
- The output gap was Y*-Y and increases to Y*-Y_1
- The economy will operate further from the PPF- an original inefficient allocation of resources at point V on diagram below is exacerbated by rising unemployment and moves to point W



NB: Award a maximum of Level 3 (9 marks) if one of the three areas is not discussed – impact on workers, public finances and resource utilisation

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 • Unemployment may fall again in short/medium-term, reducing the effects on workers, finances and resource utilisation • Some of those unemployed may be employed in the informal sector meaning their incomes may not reduce, although impact on public finances may continue • A generous social welfare system may reduce the impact on standards of living, and may reduce other social costs • Some increase in unemployment may be due to more capital-intensive output replacing workers, so overall output may not fall, helping maintain level of AD • Government revenue from corporation tax may not fall as much as a result

		• May be possible to postpone or delay some government expenditure, so that fiscal deficit may be lessened • This is an additional 455 000 workers now unemployed- showing a large increase in the waste of scarce resources • Utilisation of resources may improve over time through retraining or other employment initiatives
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.