

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 C</p> <p><i>A is not correct as unemployment did not rise due to changes in seasons</i></p> <p><i>B is not correct as unemployment did not rise due to changes in technology/sectors</i></p> <p><i>D is not correct as unemployment did not rise as a result of people changing jobs</i></p>	(1)
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3	<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 data does not refer to inactive people but to underemployment</i></p> <p><i>C is not correct as data does not refer to unemployment but to underemployment</i></p> <p><i>D is not correct as the data does not relate to the price level</i></p>	(1)
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4	<p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p>	<p>The only correct answer is C</p> <p><i>A is not correct because the part-time workers are in employment</i></p> <p><i>B is not correct because protectionism aims to protect jobs</i></p> <p><i>D is not correct because labour is being under-utilised</i></p>	(1)
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5	<p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p>	<p>The only correct answer is C</p> <p><i>A is not correct as incomes will fall and reduce national happiness</i></p> <p><i>B is not correct as profits for firms will fall as consumer spending decreases</i></p> <p><i>D is not correct as welfare payments will increase</i></p>	(1)
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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 a person has to actively seek work in the past four weeks and should be available to start work in the next two weeks to be considered as unemployed</i></p> <p><i>C is not correct because a person has to actively seek work in the past four weeks and should be available to start work in the next two weeks to be considered as unemployed</i></p> <p><i>D is not correct because a person has to actively seek work in the past four weeks and should be available to start work in the</i></p>	(1)
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		<p><i>next two weeks to be considered as unemployed</i></p>	
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1	<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><i>A is not correct as there is no data on real wage rates</i></p> <p><i>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</i></p> <p><i>D is not correct because the increase is linked to the fall in real GDP</i></p>	(1)
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Knowledge 1, Analysis 2, Application 1**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

Knowledge

1 knowledge mark for:

- Increase in consumption/consumer spending/AD **(1)**

Analysis

Up to 2 analysis marks for linked development, e.g.:

- Identification of wealth effects **(1)**
- Increase in confidence of existing homeowners' **(1)**
- An accurately labelled AD/AS diagram showing a rightward shift of AD with increasing real output and price level **(1)**

Application

1 mark for appropriate reference to Turkey house prices, e.g.:

- Between October 2019 and October 2020, house prices in Turkey increased by around 22 *percentage points* /
- House prices increased by around 6% in October 2019 and by around 30% in October 2020 **(1)**

(4)

Question	<p>In 2022 average house prices increased by 6% in India. For example:</p> <ul style="list-style-type: none"> in the city of Bengaluru, average house prices increased by 9% in the city of Ahmedabad, average house prices increased by 3% <p>With reference to the data, explain what is meant by the 'wealth effect'.</p>	Mark
11	<p>Knowledge 2, Application 2</p> <p>Quantitative skills 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 the wealth effect, e.g.:</p> <ul style="list-style-type: none"> When an increase in asset prices e.g. house prices (1) results in an increase in consumer confidence / an increase in consumption and/or AD (1) <p>Application Up to 2 marks applying this to the context of India, e.g.:</p> <ul style="list-style-type: none"> Average house prices increased by 6% in India (1) In Bengaluru average house prices increased by 9% (1) In Ahmedabad average house prices increased by 3% (1) 	(4)

Question	With reference to the chart, explain one possible effect of the change in the rate of unemployment between Q3 2020 and Q4 2022 on the public finances of Malta.	Mark
<p>10</p>	<p>Knowledge 1, Analysis 2, Application 1</p> <p>Quantitative skills 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</p> <p>Knowledge 1 mark for definition of rate of unemployment or public finances, e.g.</p> <ul style="list-style-type: none"> • The rate of unemployment refers to the percentage of the total workforce that is unemployed but is actively seeking employment and willing to work <p>OR</p> <ul style="list-style-type: none"> • Improvement in public finances/government budget (1) <p>Analysis Up to 2 marks for linked expansion, e.g.</p> <ul style="list-style-type: none"> • This decrease in the rate of unemployment leads to a fall in the number claiming/receiving unemployment benefits (1) leading to reduced government spending (1) <p>Or This decrease in the rate of unemployment leads to an increase in the number of people paying income tax (1) leading to an increase in government tax revenues (1)</p> <p>Application 1 mark for appropriate link to Q3 2020 and Q4 2022 in the chart:</p> <ul style="list-style-type: none"> • Between Q3 2020 and Q4 2022 annual rate of unemployment decreased from 4.9% to 2.9% / Unemployment rate decreased by 2 percentage points during the period shown (1) The unemployment rate has fallen by 40.8% (1) 	<p>(4)</p>

Question	With reference to this information, explain one likely macroeconomic impact of an increase in house prices on existing homeowners.	Mark
10	<p>Knowledge 1, Analysis 2, Application 1</p> <p>Quantitative Skill assessed QS9: Interpret, apply and analyse information in written, graphical and tabular forms</p> <p>Knowledge 1 knowledge mark for:</p> <ul style="list-style-type: none"> • Increase in consumption/consumer spending (1) <p>Analysis Up to 2 analysis marks for expansion, e.g.:</p> <ul style="list-style-type: none"> • Identification of wealth effects/increase in the value of physical assets (1) • An increase in confidence of existing homeowners (1) • Encourages homeowners to save less (1) • Increase in AD/ shift rightwards (1) Reward relevant AD/AS diagram • Increases economic growth/real output/inflationary pressure (1) <p>Application 1 mark for appropriate reference to UK house prices, e.g.:</p> <ul style="list-style-type: none"> • By Sept 2021 average house price had risen by 11.5% • In Sept 2021 average house price in the UK was £287 843 (1) 	(4)

Question	Explain one possible effect of the increase in the rate of unemployment on the public finances of Pakistan.	Mark
7	<p>Knowledge 1, Analysis 2, Application 1</p> <p>Quantitative skills assessed: QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p> <p>Knowledge 1 mark for definition of rate of unemployment or public finances, e.g.</p> <ul style="list-style-type: none"> • The rate of unemployment refers to the percentage of the total workforce that is unemployed but is actively seeking employment and willing to work <p>OR</p> <ul style="list-style-type: none"> • Public finances refer to tax revenues and public expenditure (1) <p>Analysis Up to 2 marks for possible effect and linked expansion, e.g.</p> <ul style="list-style-type: none"> • This increase in the rate of unemployment leads to an increase in the number claiming/receiving unemployment benefits (1) leading to increased government spending/to a deterioration in public finances (1) <p>/</p> <p>This increase in the rate of unemployment leads to a reduction in the number of people paying income tax (1) leading to a fall in the government tax revenues/to a deterioration in the public finances (1)</p> <p>Application 1 mark for appropriate link to Pakistan, e.g.:</p> <ul style="list-style-type: none"> • Unemployment rate increased by 2.4 percentage points / • Between 2018 and 2021 the annual rate of unemployment increased from 4.1% to 6.5% (1) 	(4)

Question	Evaluate the likely effects of an increase in the unemployment rate on workers and public finances. Refer to a country of your choice in your answer.
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"> • Understanding of unemployment/unemployment rate • Unemployment has increased from 7.1% to 8.5%/increase of 1.4 pp <p>Workers:</p> <ul style="list-style-type: none"> • 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 <p>Public finances:</p> <ul style="list-style-type: none"> • 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 • With higher unemployment consumer expenditure will fall resulting in a decrease in revenues from expenditure taxes • 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 <p>NB Award a maximum of Level 3 for answers with no reference to a country in their answer</p> <p>NB Award a maximum of Level 3 for answers that consider only workers or public finances</p>

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.
<p>Evaluation (8 marks) – indicative content</p> <p>Workers:</p> <ul style="list-style-type: none"> • Unemployment may fall again in short/medium-term, reducing the effects on workers and public finances • Some of those unemployed may be employed in the informal sector meaning incomes may not reduce, although impact on public finances may continue • Workers may have savings that can help reduce the effects of being unemployed <p>Public finances:</p> <ul style="list-style-type: none"> • Some increase in unemployment may be due to more capital-intensive output replacing workers, so the overall output may not fall, helping to maintain level of AD • Government revenue from corporation tax may not fall if the level of AD is maintained • May be possible to postpone or delay some government expenditure, so there will be less immediate effect on the fiscal deficit 		

	<i>Other evaluative comments:</i>	
	<ul style="list-style-type: none"> • Impact depends on the magnitude of the increase: 1.4 percentage points • Unemployment is a lagging indicator, so effects may not be immediately seen – SR vs LR arguments 	
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.

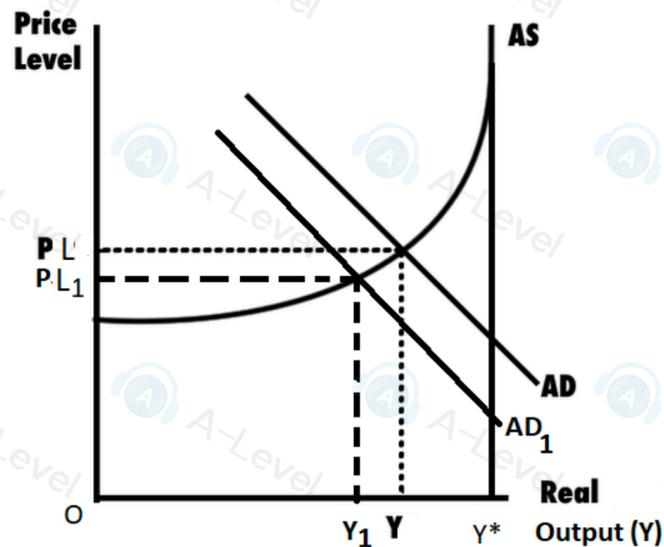
14	<p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance.</p> <p>The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p>Knowledge, Application and Analysis (12 marks) – indicative content</p> <ul style="list-style-type: none"> • 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% <p>Workers</p> <ul style="list-style-type: none"> • 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
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Public finances

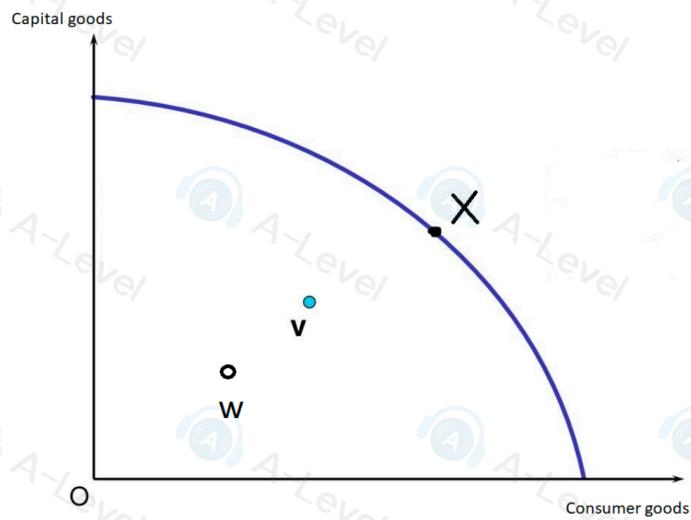
- As more become unemployed they may qualify for unemployment benefits, this will cause an increase in government spending
- As people move from employment to unemployment, they may move from being income taxpayers to non-income taxpayers reducing income tax revenue
- Higher unemployment suggests lower 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 Y_1
- 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.

	<p>Evaluation (8 marks) - indicative content</p> <ul style="list-style-type: none"> • 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
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		<ul style="list-style-type: none"> • 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.