Question Number	Quantitative skills assessed	Answer	Mark
1	**-**	**The only correct answer is A** ***B*** *is not correct because this condition is related to the current account position of the BOP* ***C*** *is not correct because this model is related to industrialisation* ***D*** *is not correct because this model is related to the savings gap*	**(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 reduce Denmark's international competitiveness* ***B*** *is not correct because this will reduce Denmark's international competitiveness* ***D*** *is not correct because this will reduce Denmark's international competitiveness*	(1)
6	**QS6:** Calculate cost, revenue and profit (marginal, average, totals). **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is B** ***A*** *is not correct because government expenditure is UVML* ***C*** *is not correct because government expenditure is UVML* ***D*** *is not correct because government expenditure is UVML*	**(1)**
2	**-**	**The only correct answer is A** ***B*** *is not correct because this is related to industrialisation* ***C*** *is not correct because this is related to the current account position of the BOP* ***D*** *is not correct because this is related to primary product dependency*	**(1)**
6	**QS5:** Calculate and interpret index numbers **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is D** ***A*** *is not correct because this will reduce Afghanistan's terms of trade* ***B*** *is not correct because this will reduce Afghanistan's terms of trade* ***C*** *is not correct because this will reduce Afghanistan's terms of trade*	**(1)**

2	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is A** ***B*** *is not correct because an increase in unit labour costs is likely to reduce Latvia's international competitiveness* ***C*** *is not correct because a reduction in spending on healthcare services is likely to reduce Latvia's international competitiveness* ***D*** *is not correct because stricter regulation of product markets is likely to reduce Latvia's international competitiveness*	**(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 because this relates to public finances* ***B*** *is not correct because primary income is a component of the current account* ***D*** *is not correct because this relates to a current account deficit*	**(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 there is no impact on comparative advantage* ***B*** *is not correct because there will be an increase in interest rates* ***D*** *is not correct because there is likely to be a decrease in the external value of the currency*	**(1)**
4	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is B** ***A*** *is not correct because there is a fiscal deficit in 2021* ***C*** *is not correct because there is a fiscal deficit throughout the given period* ***D*** *is not correct because there is a fiscal deficit throughout the given period*	**(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 D** ***A*** *is incorrect because SRAS is likely to shift to the left as a result of the rising costs of imports* ***B*** *is incorrect because SRAS is likely to shift to the left as a result of the rising costs of imports/AD is likely to shift to the right as a result of rising net exports* ***C*** *is incorrect because AD is likely to shift to the right as a result of rising net exports*	**(1)**

2	**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 would lead to an increase in the rate of inflation* ***B*** *is not correct because this would lead to an increase in debt servicing costs* ***D*** *is not correct because tax revenues are likely to be decreasing*	**(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 specialisation and trade will lead to an increase in the volume of exports and imports* ***B*** *is not correct because specialisation and trade will lead to an increase in living standards* ***D*** *is not correct because specialisation and trade will reduce absolute poverty*	**(1)**

5	**QS9:** Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is B** ***A*** *is not correct because the central bank would sell US dollars* ***C*** *is not correct because this would further depreciate the yen against the US dollar* ***D*** *is not correct because the central bank would buy Japanese yen*	**(1)**

4	**QS2**: Calculate, use and understand percentages, percentage changes and percentage point changes. **QS7:** Make calculations to convert money to real terms **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is B** ***A*** *is not correct because pay growth not adjusted for inflation was not the lowest in 2009* ***C*** *is not correct because there was an increasing rate of inflation between 2016 and 2017* ***D*** *is not correct because there was disinflation between 2012 and 2014*	**(1)**

4	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	**The only correct answer is D** ***A*** *is not correct because this is a possible benefit of globalisation* ***B*** *is not correct because this is a possible benefit of globalisation* ***C*** *is not correct because globalisation may lead to an increase in economies of scale for TNCs*	**(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 devaluation happens in a fixed exchange rate* ***B*** *is not correct because revaluation happens in a fixed exchange rate* ***D*** *is not correct because there is a decrease in the exchange rate*	**(1)**

2	**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 A** ***B*** *is not correct because export prices of UK goods and services would be higher than the average export prices of its trading partners* ***C*** *is not correct because unit labour costs in the UK would be higher than the average of its trading partners* ***D*** *is not correct because the UK would experience an improvement in its terms of trade*	**(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 D** ***A*** *is not correct because this is likely to decrease a country's exchange rate* ***B*** *is not correct because this is likely to decrease a country's exchange rate* ***C*** *is not correct because this is likely to decrease a country's exchange rate*	**(1)**

Question	In Libya the HDI was 0.80 in 2010 and it was 0.72 in 2019. Evaluate interventionist strategies that a government in a developing country of your choice might use to increase *economic development*. **Indicative content**
10	**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. **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. **Knowledge, Application, Analysis (12 marks) – indicative content** • Understanding of economic development/HDI • Development of human capital – government investment in healthcare and education can increase human capital and productivity; increases HDI as it increasing life expectancy and mean years of schooling • Protectionism – by imposing restrictions on free trade, the government helps domestic (infant and geriatric) industries therefore maintaining employment; increases HDI as per capita incomes increase • Managed exchange rates – countries with an overvalued exchange rate can import raw materials and capital goods at a relatively lower price promoting advances in technology; e.g. increases proportion of people with access to mobile phones and the internet • Infrastructure development – investment in physical capital, e.g. power and water supplies, transport links and telecommunication networks will increase efficiency and reduce unit costs; e.g. increases the proportion of people with access to energy and clean water • Promoting joint ventures with TNCs – allows sharing of costs with the TNCs thereby gaining internal economies of scale that reduces export prices; local businesses could access resources including technology/human capital • Buffer stock schemes – by setting a floor and a ceiling price, governments reduce uncertainty caused by price volatility; this would therefore stabilise incomes and increase HDI

	Evaluation (8 marks) – indicative content • Increase in government spending could worsen fiscal position; if government spending is financed through borrowing it could increase external debt and subsequently lead to crowding out: resource and financial • Impact of the policies employed might depend on the state of the economy • A combination of policies may have to be implemented by the government to experience a large increase in economic development and HDI • Depends on the quality of education and healthcare programmes, e.g. if the government is investing in science/technology/maths based subjects, it may have a larger impact on economic development • Protectionism could lead to a distortion of comparative advantage and hence resources will be allocated inefficiently; the lack of competition for domestic industries could result in higher x-inefficiency • Overvalued exchange rate would make exports relatively more expensive therefore reducing demand for domestic goods and causing unemployment • Depends on the quality of the infrastructure developments • A joint venture is only a temporary arrangement with TNCs: once this ends, investment may fall and economic development may not be sustained; may not raise investment if firms have conflicting objectives and reaches a point of diseconomies of scale, causing export price to rise • Government failure: information gaps for the government, unintended consequences, moral hazard, excessive administrative costs e.g. due to high costs of storage and security associated with buffer stock schemes • Some of these policies will only have an impact after a significant time lag e.g. infrastructure developments