

Marking activity – points based mark schemes

2 mark questions

Q1.

1 (a) What is meant by the term 'exchange rate'?

(2)

Exchange rates determine the value of one nation's currency in terms of another nation's currency. They can be affected by basic supply and demand factors. Inflation and interest rates have an impact on exchange rates. An example could be the pound and the dollar. At a certain time the pound might be worth \$1.46 for example. Exchange rates fluctuate as they move freely.

Q2.

1 (a) What is meant by the term 'exchange rate'?

(2)

The value of one currency compared with another ~~at~~ at a given time e.g. in November 2013
£ one Canadian \$ = about £0.6

Q3.

2 (a) What is meant by the term 'social costs'?

(2)

Social costs are costs that society as a whole have to pay, rather than individuals. An example of social costs could be second hand smoking.

Q4.

2 (a) What is meant by the term 'social costs'?

(2)

The total impacts ^{as an activity} on society as a whole,
including private costs + external costs.

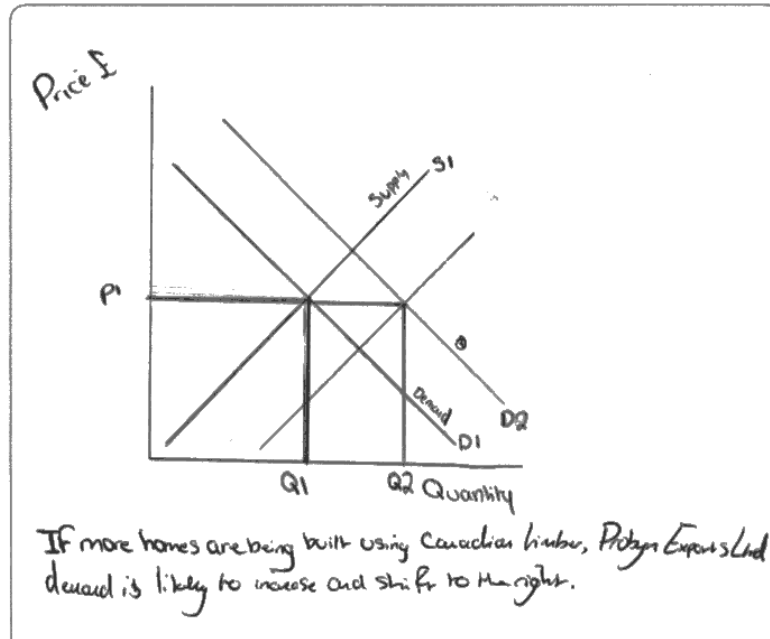
4 mark questions – Illustrate

Q5.

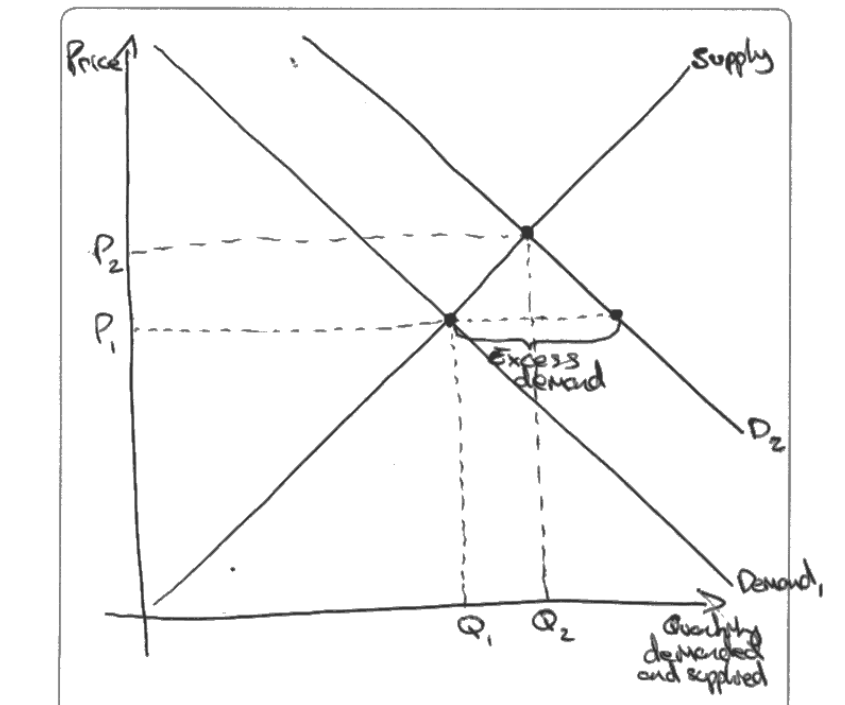
- (b) Increasing numbers of American homes are being built using native Canadian timber.

Using a supply and demand diagram, illustrate the likely impact of this on *Probyn Export Ltd.*

(4)



Q6.



4 mark questions – Calculate

Q7.

- (b) Calculate, to 2 decimal places, the percentage change in the number of adults smoking between 1974 and 2013 (Extract D). You are advised to show your working.

(4)

$$2013 = 20.5\% \quad 1974 = 46\%$$

$$46 - 20.5 = 25.5$$

$$\cancel{46 - 20.5}$$

$$25.5 \div 46 = 0.55$$

$$0.55 \times 100 = 55\%$$

Q8.

- (b) Calculate, to 2 decimal places, the percentage change in the number of adults smoking between 1974 and 2013 (Extract D). You are advised to show your working.

(4)

$$\frac{\text{New} - \text{old}}{\text{old}} \times 100$$

$$20.5\%$$

$$2013$$

$$46\%$$

$$1974$$

$$\frac{20.5 - 46}{46}$$

$$46$$

$$\times 100$$

= Percentage
change
of

$$\cancel{-55.43\%} - 55.43\%$$

4 mark questions – Explain one

Q9.

- (c) Explain **one** possible reason why governments have intervened in the packaging of cigarettes.

(4)

One reason why the government have intervened with the packaging of cigarettes is to try and improve health by decreasing the amount of people that smoke. By changing the packaging so only the brand and health warnings are on the packaging, people are more likely to notice and pay attention to the health issues that are related with smoking which could lead to a further decrease in the percentage of adults that smoke. The awareness of problems smoking can cause increasing could lead to the demand for the cigarettes decreasing which would mean that this government intervention would be a success. They're trying to decrease the demand for cigarettes.

Q.10

- (c) Explain **one** possible reason why governments have intervened in the packaging of cigarettes.

(4)

Because the ~~Asiat~~ Social Costs were higher than the Social benefits, by changing the packaging of the cigarettes means that the government are reinforcing the negative impact of smoking as the government are intervening with the packaging, this will hopefully decrease the Demand for Smoking and therefore mean that the Government will not have to pay as much expenditure on healthcare.