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June 2025

GCE Economics A 9EC0 02

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June 2025

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Introduction

The focus of this examination is on macroeconomics and Themes 2 and 4 of the Specification.

Candidates' answers to the questions on this paper have been of an expected standard. All questions were accessible to the candidates, although inevitably candidates were scoring more highly on some questions than on others. Several candidates delivered impressive responses, showcasing a strong command of macroeconomic principles and an ability to connect their theoretical knowledge with real-world applications. However, other responses reflected a more surface-level understanding. Overall, the quality of responses varied across the candidate entry.

In Section A, candidates demonstrated their understanding of a range of key economic concepts from both Themes 2 and 4. Several questions also required candidates to interpret data presented in graphical form and/or to make calculations based on this data. This is an area where there is still significant room for improvement from many candidates. Candidate answers at times also didn't answer the specific question set and some had written significantly more than was needed for a short 2- or 4-mark question. Candidates should focus on only writing things that are going to gain them marks from answering the question set. Question 4 seemed to be the question that candidates found most challenging - it seemed that a significant number of candidates did not understand what 'terms of trade' actually meant. Having said this, there were a lot of good answers to the questions in this section from many candidates.

In Section B, the focus was on Germany's economy and discussed a variety of issues relating to the macro economy of the country, including taxation, aggregate demand and supply, and the budget deficit. Candidates seemed to be able to make effective use of the data, both the figures and extracts, to help them answer the questions and offer context relevant to Germany to aid their analytical arguments. In Question 6(c), candidates were asked to assess macroeconomic ***effects*** i.e. more than one, because the answer is in plural. Similarly in Question 6(e) candidates were asked to discuss supply-side ***policies***. This wasn't an issue for too many candidates, but it is something that candidates should always remember - that they need to answer the specific question set and read it carefully. For example, Question 6(b) was asking about short-run aggregate supply, not demand. Similarly, Question 6(e) was focused specifically on supply-side policies, not demand-side ones.

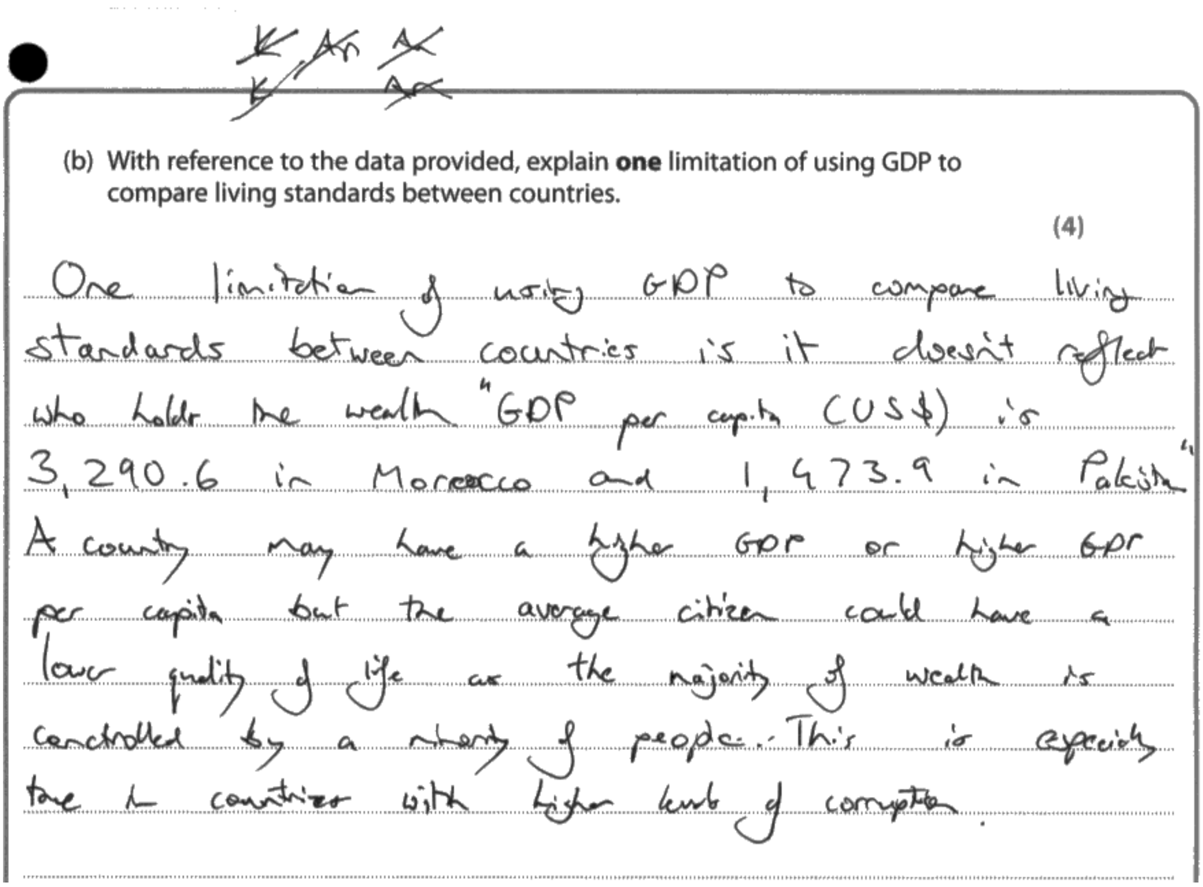
In Section C, Question 7 was slightly more popular with candidates, but only by a few percent. Candidates offered a range of answers with discussing different conflicts in Question 7 and a variety of factors in Question 8. In Question 7, candidates needed to remember that the starting point of their answer should be in terms of 'seeking to control inflation', but that the main focus of what they should be writing about is the conflicts between the objectives. In Question 8, candidates needed to focus on specific factors and ensure they clearly explained how that particular factor could affect 'the level of economic development'. It was also important to ensure that one specific factor was well-developed per point, as sometimes candidate answers merged several factors together which left their explanation lacking full chains of argument. In both questions some well-written answers were held back by a lack of application to the real world.

Candidates need to remember to familiarise themselves with the structure of the exam and how they will be assessed on their answers in advance of any exam. As has consistently been the case for this exam series, for questions up to and including 8 marks, marks are awarded on a points-based system, and for the rest of the questions, it is Levels-based. For the points-based marking, candidates need to be concise and accurate in their answers; there were some very long answers to 2-mark questions whereas other answers got the full 2 marks in only one or two short sentences. This is using up important time that could be better spent writing longer, more detailed chains of argument in the longer questions.

Candidates should remember that there is advice in the exam paper that approximately 30 minutes should be spent on Section A, one hour on Section B, and 30 minutes on Section C.

Question 1(b)

This question asked candidates to explain one limitation. Candidates who wrote about more than one generally didn't achieve full marks as they then hadn't explained or analysed any of their reasons. The question also specifically said 'with reference to the data provided', so candidates needed to make use of the data in the table to gain the application mark.



K An AK

K AK

(b) With reference to the data provided, explain **one** limitation of using GDP to compare living standards between countries.

(4)

One limitation of using GDP to compare living standards between countries is it doesn't reflect who holds the wealth "GDP per capita (US$) is 3,290.6 in Morocco and 1,473.9 in Pakistan" A country may have a higher GDP or higher GDP per capita but the average citizen could have a lower quality of life as the majority of wealth is controlled by a minority of people. This is especially true in countries with higher levels of corruption.

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Examiner Comments

This answer scores full marks.

1 mark for identifying a reason - that 'it doesn't reflect who holds the wealth'. 1 mark for accurate application from the data. And then the final 2 marks for explaining how this is a limitation of using GDP to compare living standards between countries.

ResultsPlus
Examiner Tip

Remember to read the question carefully. Here you are asked specifically to refer to the data and also for only **one** limitation.

(b) With reference to the data provided, explain **one** limitation of using GDP to compare living standards between countries.

(4)

GDP measures the overall ~~output~~ value of G/S within an economy produced within one year, ~~It does n~~ it does not fully factor in the social aspects of such G/S production. Hence, countries w/ high GDP ie China may not necessarily have higher living standards if there are major regional divides compared to a country like the UK who may have low GDP but greater ~~exp~~ living standards overall.

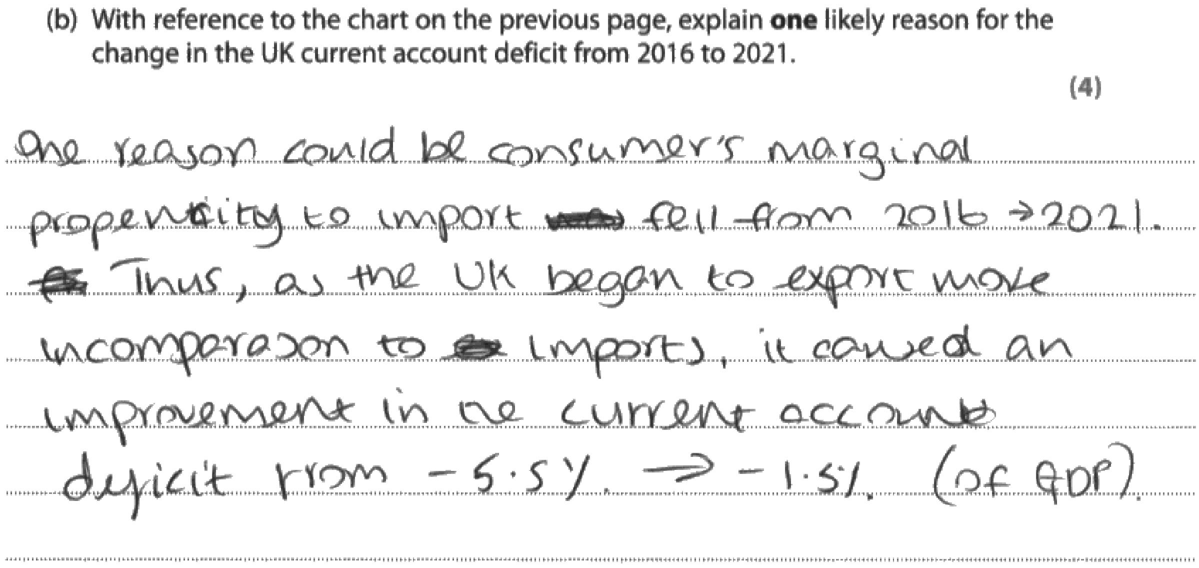
ResultsPlus
Examiner Comments

This answer achieves 3/4.

It has explained what GDP is and identified and explained about how GDP data does not show regional divisions. However, there is NO application in this answer, so it can't get any more than 3/4.

Question 2(b)

This question is marked in a similar way to the previous one, Question 1(b). Candidates should remember that in 4-mark questions such as this that they needed to offer a mixture of knowledge, application, and analysis. Again, there needed to be reference to the chart provided in the exam paper and candidates were asked for just ONE reason. The majority of answers explained how a depreciation in the pound would lead to an improvement in the UK's current account, but there were some answers that explained other possible answers. The UK's departure from the EU was used in several answers as well, sometimes to better effect than others.



(b) With reference to the chart on the previous page, explain **one** likely reason for the change in the UK current account deficit from 2016 to 2021.

(4)

One reason could be consumer's marginal propensity to import fell from 2016 → 2021. Thus, as the UK began to export more incomparason to imports, it cawsed an improvement in the current account deficit from -5.5% → -1.5% (of GDP).

ResultsPlus
Examiner Comments

This answer scored 3/4.

There is a mark for saying that marginal propensity to import fell and that the UK therefore exported more in comparison to imports. There is also an application mark for saying that the current account had improved. However, there isn't any explanation of how/why marginal propensity to import has fallen.

ResultsPlus
Examiner Tip

In a question like this, make sure you give a clear reason as to how/why there has been a change in consumer/business behaviour.

(b) With reference to the chart on the previous page, explain **one** likely reason for the change in the UK current account deficit from 2016 to 2021.

(4)

One reason is that there may be a depreciation of the £. This would cause less imports as they are comparitively more expensive and ~~less~~ more exports as they are comparitively cheaper. This would mean less outflows (imports) and more inflows (exports) leading to a reduction in the current account deficit from -5.5 % of GDP (2016) to -1.5% of GDP (2021).

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Examiner Comments

This candidate achieves the full 4 marks.

They state a reason being a depreciation of the pound. They explain the impact on imports and exports. They also say that there has been a reduction in the current account deficit.

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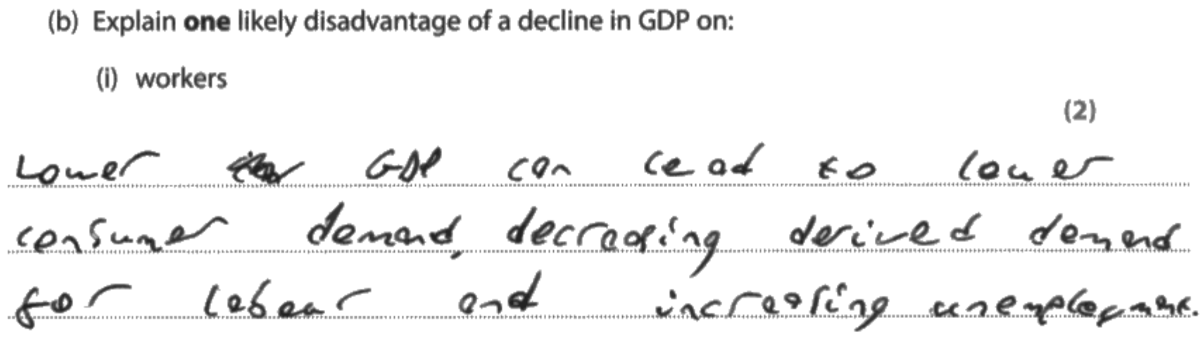
Examiner Tip

Look at how concise this answer to the question is, yet it achieves full marks. You do not need to write lots on questions such as this; you just need to accurately answer the question.

Question 3(b)i

This is only a 2-mark question so candidates are not expected to write an extended answer. Examiners were simply looking for one disadvantage identified along with some brief explanation of why it is a disadvantage that comes about from a decline in GDP.



(b) Explain **one** likely disadvantage of a decline in GDP on:

(i) workers

(2)

Lower ~~the~~ GDP can lead to lower consumer demand, decreasing derived demand for labour and increasing unemployment.

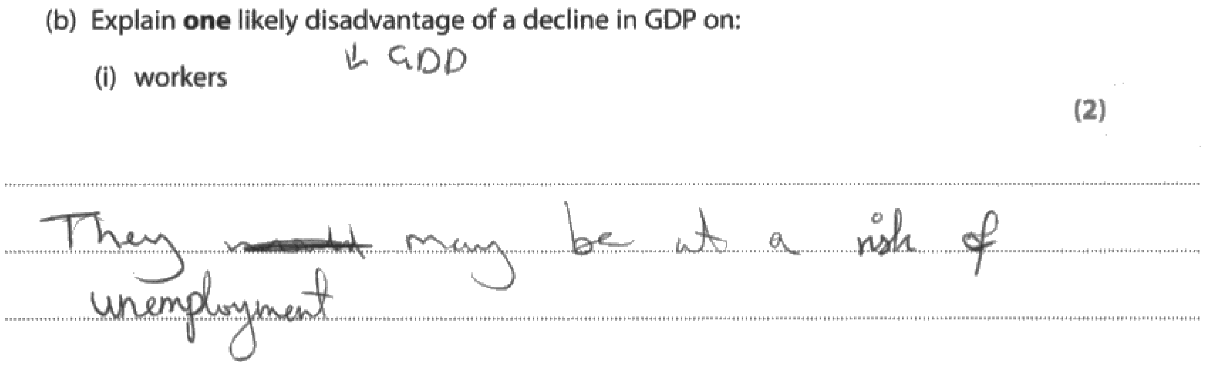
ResultsPlus Examiner Comments

This answer achieves 2/2.

The disadvantage has been identified in the form of increasing unemployment. This has also been explained where the candidate says there is decreased derived demand for labour.

ResultsPlus Examiner Tip

This is only one sentence, but it answers the question and gets full marks.



(b) Explain **one** likely disadvantage of a decline in GDP on:

(i) workers ↓ GDP

(2)

They ~~[illegible]~~ may be at a risk of unemployment

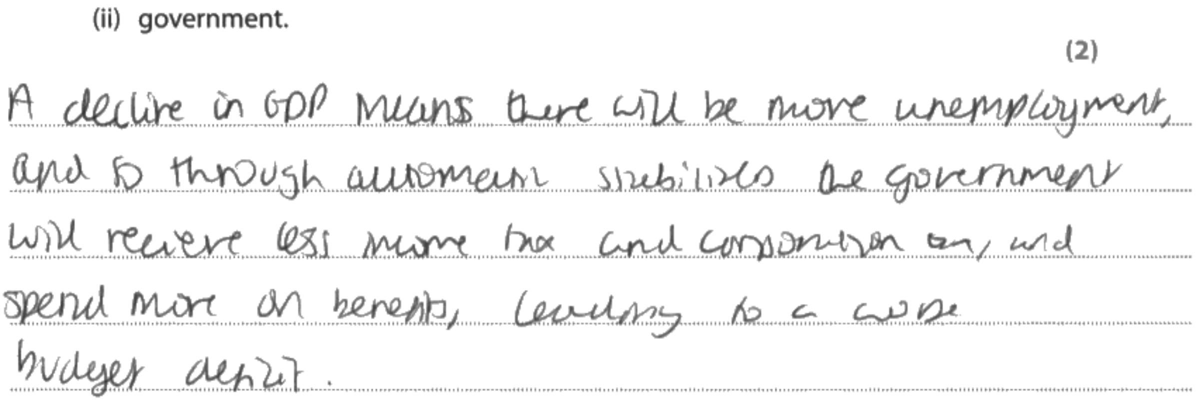
ResultsPlus
Examiner Comments

This answer achieves 1/2.

They have correctly identified that unemployment may occur, but that is it. There is no attempt to explain how a decline in GDP could lead to unemployment.

Question 3(b)ii

The structure of this question is the same as the previous one, except this time were looking for a disadvantage for the government. One mark was for stating a disadvantage, and the second mark was for explaining how this occurs as a result of a decline in GDP.



(ii) government.

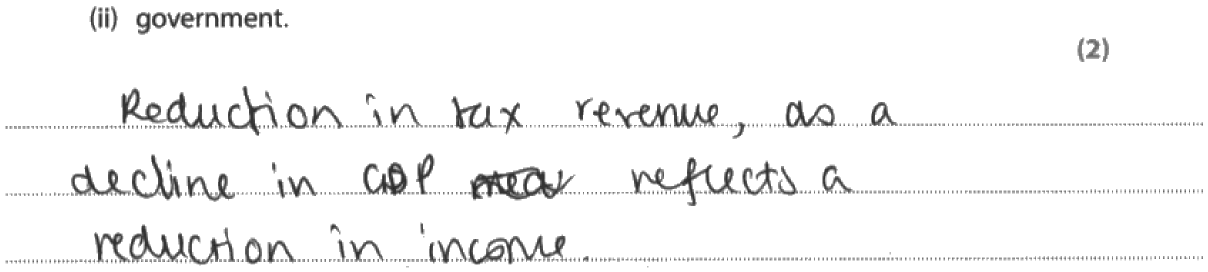
(2)

A decline in GDP means there will be more unemployment, and so through automatic stabilisers the government will receive less income tax and corporation tax, and spend more on benefits, leading to a worse budget deficit.

ResultsPlus
Examiner Comments

This answer scores the full 2 marks.

The disadvantage is a worse budget deficit, and there is a clear explanation of how that would occur.



(ii) government.

(2)

Reduction in tax revenue, as a decline in GDP reflects a reduction in income.

ResultsPlus
Examiner Comments

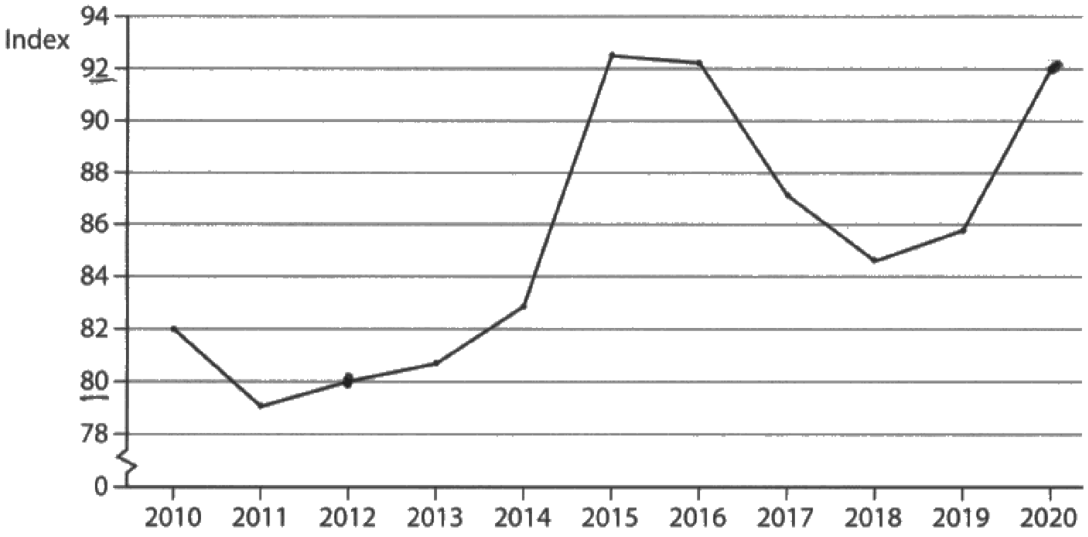
This answer scores 1/2.

The mark is for 'reduction in tax revenue'. The candidate has not explained how a decline in GDP would lead to a reduction in tax revenue, so they don’t get the second mark.

Question 4(a)

This question simply asked candidates 'what is meant by'. It did not ask for any application to the graph or any analysis of a point. The correct formula or written explanation of what 'terms of trade' are is all that was needed to get two marks. Candidates who knew what 'terms of trade' meant easily achieved two marks here, but it was clear that many candidates did not know what it meant.

4 China terms of trade index (base year 2000 = 100), 2010–2020.



(Source adapted from: https://data.worldbank.org/indicator/TT.PRI.MRCH.XD.WD?end=2020&locations=CN&start=2000)

(a) Explain what is meant by 'terms of trade'.

(2)

$$\text{TOT} = \frac{\text{index of export prices}}{\text{index of import prices}} \times 100$$

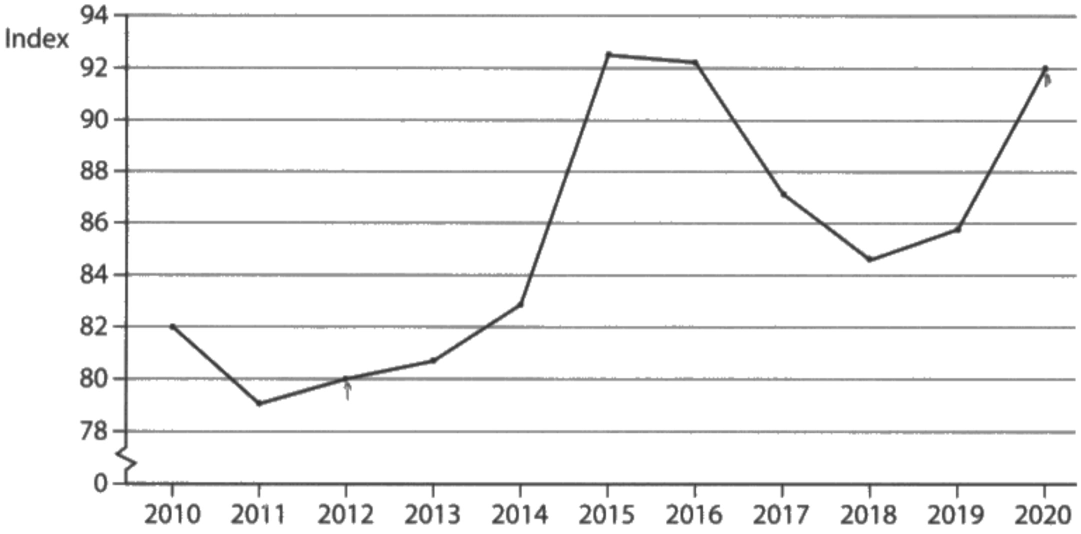
ResultsPlus
Examiner Comments

This is the correct formula for terms of trade and so gets full marks.

ResultsPlus
Examiner Tip

This is all that candidates needed to do on this question. Being concise on questions like this can save candidates valuable time which they can then spend on the longer questions towards the end of the exam paper.

4 China terms of trade index (base year 2000 = 100), 2010–2020.



(Source adapted from: https://data.worldbank.org/indicator/TT.PRI.MRCH.XD.WD?end=2020&locations=CN&start=2000)

(a) Explain what is meant by 'terms of trade'.

(2)

~~The terms of trade show the [illegible] level of protectionism a country develops in order to increase or decrease international competitiveness.~~ The terms of trade show the ~~value~~ price of ~~imports~~ exports minus the price of imports. It shows how their international competitiveness may increase or decrease.

ResultsPlus
Examiner Comments

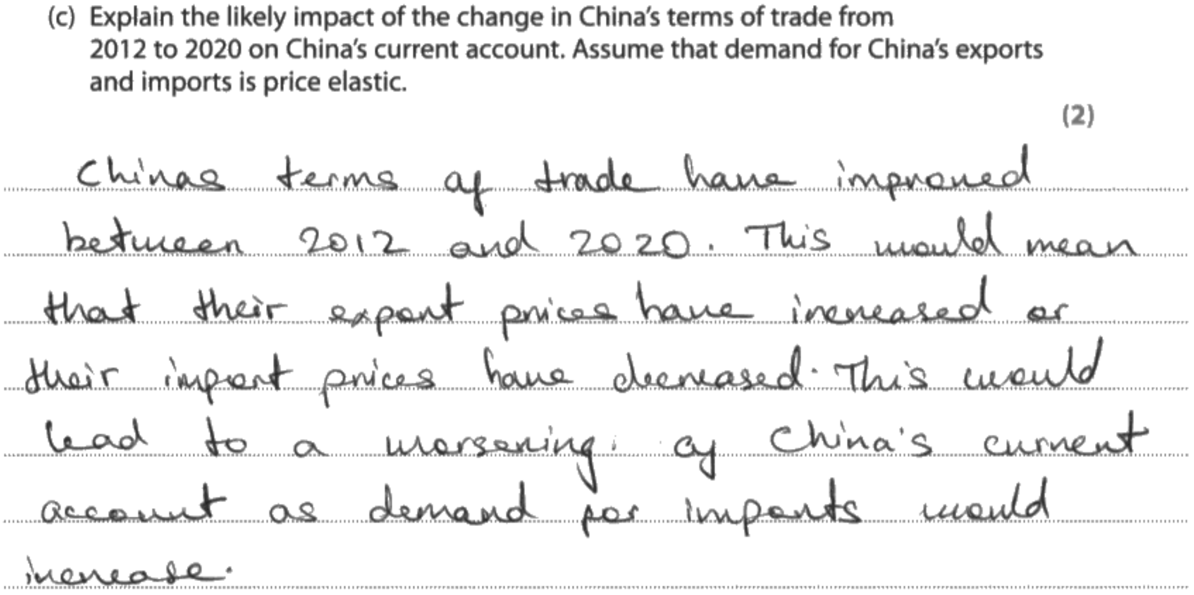
This answer scores 1/2.

The candidate clearly has some idea about what the terms of trade is, referring to 'price of exports minus price of imports', but does not fully understand what it is.

Question 4(c)

This question specifically asked for the impact of the change in terms of trade on China's current account. Therefore, one mark was for interpreting the data and understanding that China's terms of trade have improved (or an explanation of what this means in terms of changes in prices of imports/exports). The second mark was for what the impact of this will be on China's current account, ie that it will have worsened.

Probably because many candidates were not clear about what 'terms of trade' meant, there were a significant number of incorrect or confused answers to this question.



(c) Explain the likely impact of the change in China's terms of trade from 2012 to 2020 on China's current account. Assume that demand for China's exports and imports is price elastic.

(2)

Chinas terms of trade have improved between 2012 and 2020. This would mean that their export prices have increased or their import prices have decreased. This would lead to a worsening of China's current account as demand for imports would increase.

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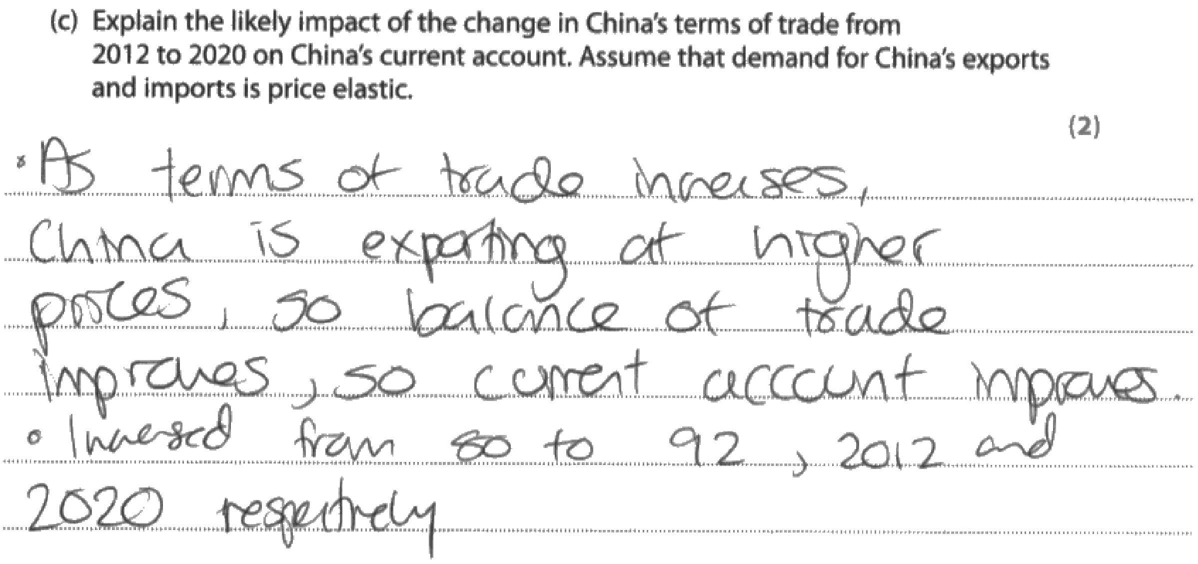
Examiner Comments

This answer achieves full marks.

1 mark for 'China's terms of trade have improved'. 1 mark for 'worsening of China's current account'.



(c) Explain the likely impact of the change in China's terms of trade from 2012 to 2020 on China's current account. Assume that demand for China's exports and imports is price elastic.

(2)

- As terms of trade increses, China is exporting at higher prices, so balance of trade improves, so current account improves.
- Incresed from 80 to 92, 2012 and 2020 respectively

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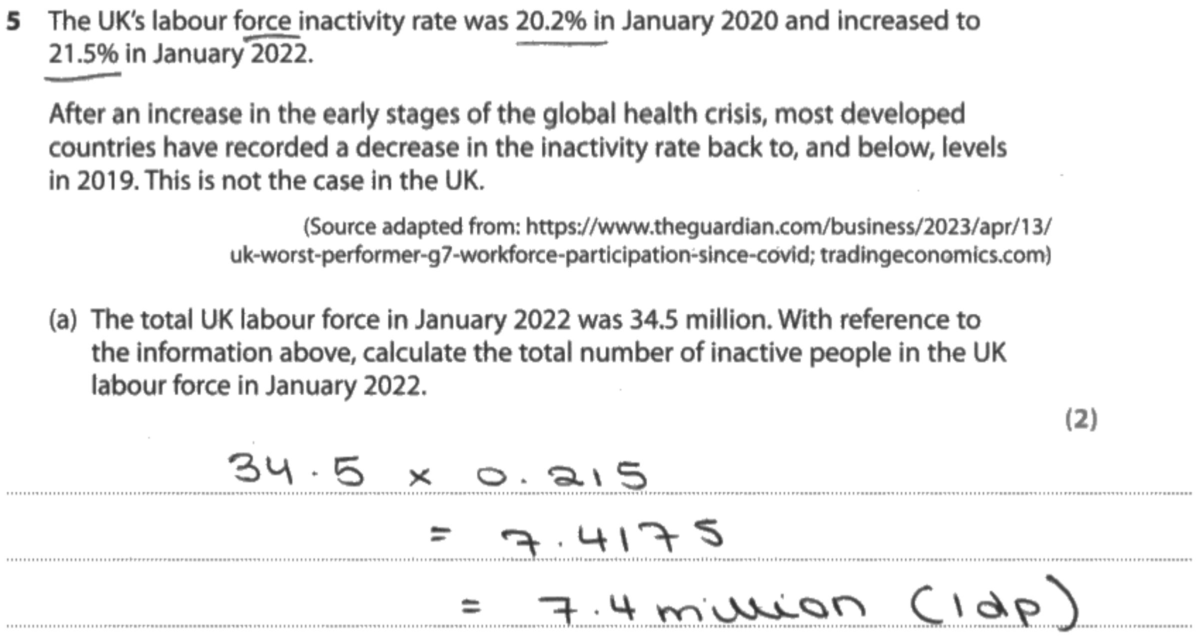
Examiner Comments

This answer achieves 1 mark for understanding correctly what has happened to China's terms of trade.

However, they do not get the second mark as they incorrectly think this will improve China's current account. It is important to remember that if prices of exports are rising, and demand is elastic, then demand is going to fall by more than the increase in price, therefore worsening the current account.

Question 5(a)

There was a limited amount of confusion on this question when it came to what is meant by the labour force inactivity rate. As such, different answers were allowed to this question as you can see in the mark scheme. Having said that, the overwhelming majority of candidates calculated it as the question was originally intended, with an answer of 7.42m



5 The UK's labour force inactivity rate was 20.2% in January 2020 and increased to 21.5% in January 2022.

After an increase in the early stages of the global health crisis, most developed countries have recorded a decrease in the inactivity rate back to, and below, levels in 2019. This is not the case in the UK.

(Source adapted from: https://www.theguardian.com/business/2023/apr/13/uk-worst-performer-g7-workforce-participation-since-covid; tradingeconomics.com)

(a) The total UK labour force in January 2022 was 34.5 million. With reference to the information above, calculate the total number of inactive people in the UK labour force in January 2022.

(2)

34.5×0.215

$= 7.4175$

$= 7.4$ million (1dp)

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Examiner Comments

The candidate has correctly calculated a value of 7.4 million and so they achieved full marks.

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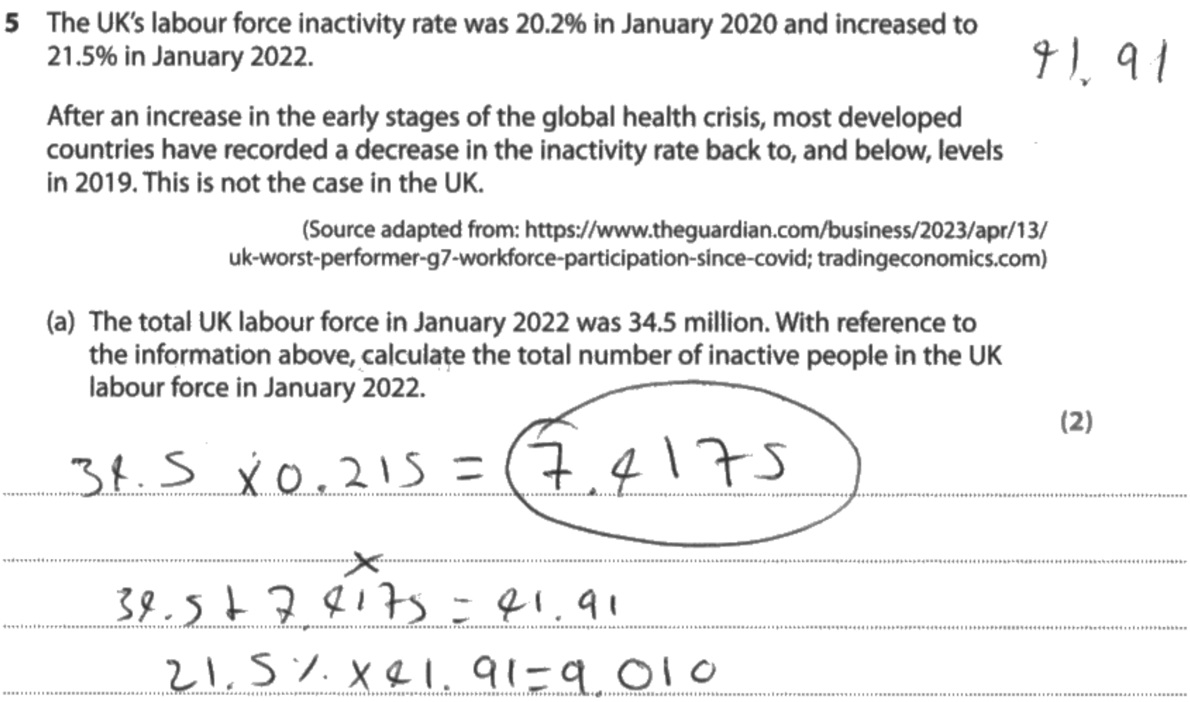
Examiner Tip

There is no need to write any words in a 'calculate' question so don't waste time doing so. Just do the calculation as this candidate has.



5 The UK's labour force inactivity rate was 20.2% in January 2020 and increased to 21.5% in January 2022.

41.91

After an increase in the early stages of the global health crisis, most developed countries have recorded a decrease in the inactivity rate back to, and below, levels in 2019. This is not the case in the UK.

(Source adapted from: https://www.theguardian.com/business/2023/apr/13/uk-worst-performer-g7-workforce-participation-since-covid; tradingeconomics.com)

(a) The total UK labour force in January 2022 was 34.5 million. With reference to the information above, calculate the total number of inactive people in the UK labour force in January 2022.

(2)

34.5 x 0.215 = 7.4175

x

34.5 + 7.4175 = 41.91

21.5% x 41.91 = 9.010

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Examiner Comments

This answer achieves 1 mark as the candidate has not expressed their answer in millions.

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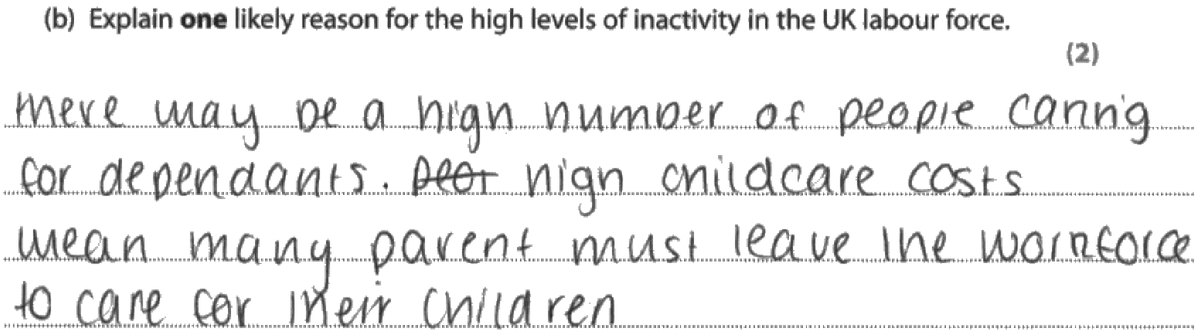
Examiner Tip

It is important to remember to check for units when you are doing calculation questions. The question says the total UK labour force was 34.5 **million**.

Question 5(b)

In terms of how to answer this question, it is the same as with Questions 3(b)(i) and 3(b)(ii). Candidates needed to identify a reason and explain how it causes high levels of inactivity. Where candidates struggled on this question was when they didn't appreciate the distinction between inactivity and unemployment. If there has been a decline in GDP/firms closing then that will increase unemployment, but that does not make those people inactive. Similarly, people who are claiming benefit support from the government due to being unemployed, are not inactive - by the very nature of those words, they are unemployed, not inactive.



(b) Explain **one** likely reason for the high levels of inactivity in the UK labour force.

(2)

There may be a high number of people caring for dependants. ~~Poor~~ high childcare costs mean many parent must leave the workforce to care for their children

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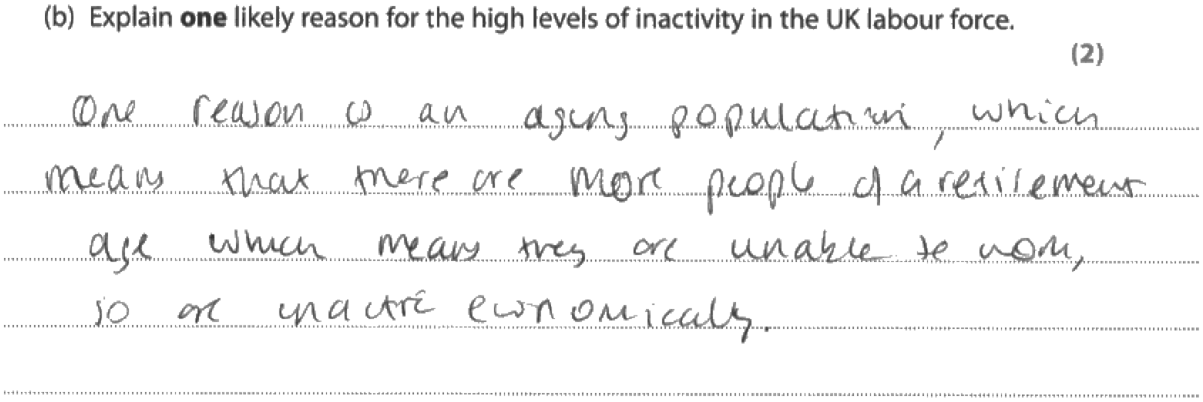
Examiner Comments

This candidate achieves the full 2 marks.

They give a valid reason in the form of high childcare costs and then link it to inactivity by saying parents must leave the workforce to care for their children.



(b) Explain **one** likely reason for the high levels of inactivity in the UK labour force.

(2)

One reason is an ageing population, which means that there are more people of a retirement age which means they are unable to work, so are inactive economically.

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Examiner Comments

This answer does not achieve any marks because retired people are not part of the workforce and therefore do not count as inactive.

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Examiner Tip

It is important to remember that the labour force of a country is very different to the size of the country's population. For example, it does not include students in school.

Question 6(a)

In this question, examiners were looking for candidates to show they understood the difference between direct and indirect taxation for the knowledge & analysis marks and to refer to Figure 1 for the two application marks. It is worth candidates remembering that on a question such as this, they need to demonstrate their knowledge, application, and analysis.

6 (a) With reference to Figure 1, explain the distinction between direct and indirect taxation.

(5)

An Indirect tax is a tax on Spending that is Split between both the Consumer and the busness like VAT for example (Value added tax) Which makes up 36%. [illegible] the tax you pay goes to the goverment.
When you buy a Cigarette you Pay tobacco tax which is another [illegible] Indirect tax

A direct tax is a tax paid directly to the goverment regardless of spending
Income tax is an example of a direct tax
(Income tax makes up 41% of Goverment Revenue).

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Examiner Comments

This answer achieves 4/5.

They are correct that indirect taxes are on spending and they then get an application mark for referring to VAT as an indirect tax. They then go on to explain about direct taxes and reference income tax from Figure 1. They are missing a final knowledge/analysis mark.

ResultsPlus
Examiner Tip

It is worth remembering that in a question like this there will be 3 marks for knowledge/analysis and 2 marks for application.

6 (a) With reference to Figure 1, explain the distinction between direct and indirect taxation.

(5)

Direct taxation is a tax levied on income. Income tax is 41% of ~~the~~ the German government revenue.

Indirect taxation is levied on expenditure such as VAT, taking up 36% of government revenue.

Direct taxes are often progressive vs fixed for indirect taxation.

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Examiner Comments

This answer achieves full marks.

They start by stating that direct taxes are on income then give the example of income tax. Secondly, they say that indirect taxes are on expenditure and give the example of VAT. Finally, they say that direct taxes are often progressive for the final K/An mark.

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Examiner Tip

Look at how short and concise this answer is, yet it answers the question very clearly and so gets full marks.

Question 6(b)

This 8-mark question is the last points-based marking question before we move onto Levels-based questions. Marks were awarded as two for knowledge, two for application, two for analysis, and two for evaluation. As in most 8-mark questions candidates were asked to examine TWO factors influencing short-run aggregate supply. Generally candidates were able to score well on this question, identifying relevant points with application from Extract A. This is a good example of where the extract is very helpful and that candidates need to ensure they make effective use of it to help them in answering the question.

(b) With reference to Extract A, examine **two** factors influencing the short-run aggregate supply of the German economy.

(8)

Short-run aggregate supply (SRAS) refers to the total supply in an economy at any given price level in a fixed time period (where factor variables remain fixed).

One factor influencing is the issue of "labour shortages" facing Germany. With low levels of labour supply is likely to be slow and not at full employment (FE). "Germany is expected to be short of up to 7 million workers by 2035, partly due to an ageing population". The reason this is a short-run issue is because it will take time to implement interventionist supply-side policies such as education and training to fill up the shortage of workers, especially since there is a "lack of skilled workers". The introduction of effective policies cannot be achieved in the ~~longrun~~ shortrun. Even so, if these policies were introduced there is no guarantee it will be successful

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This answer scores 3/8 as it doesn't fully answer the question.

The first paragraph isn't answering the question and so doesn't get any marks. Labour shortages is the first point the candidate has made which earns a knowledge mark. They quote Germany being short up to 7 million workers and the ageing population, both of these are application points. There is a further piece of application referencing lack of skilled workers, but they have already achieved the 2 marks available for application. There is no analysis present to explain how labour shortages affect short-run aggregate supply so therefore no analysis mark. There are no further points so it is only the 1 mark for knowledge.

Overall, therefore, this answer gets 1 knowledge mark and 2 application marks.

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Examiner Tip

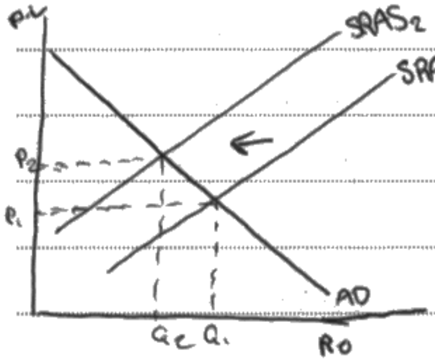
Remember the structure of questions like this:

2 points are needed, and you need to have 2 pieces of knowledge, 2 application, 2 analysis, and there are 2 marks for evaluation.

*(b) With reference to Extract A, examine **two** factors influencing the short-run aggregate supply of the German economy.

(8)

One factor which reduces short run aggregate supply is lack of suitable labour and skilled workers in the economy. This is likely to cause a left shift in SRAS. In extract A, it states there is going to be labour shortages by up to "7 million workers by 2035." furthermore, "lack of skilled workers" in certain fields like building trade and electrical engineering means that output in the economy is likely to fall as firms struggle to find suitable labour.



However, this problem can be solved through attracting migration or increase spending on education and training.

Another factor reducing SRAS is delayed infrastructure projects. Poor infrastructure is likely to mean [illegible] ~~struggles to~~ capital and labour mobility is poor which can decrease output. further lack of "technological advances" are going to slow the german economy down ~~meaning~~ as they cant expand output.

~~However, the government~~

ResultsPlus
Examiner Comments

This answer is significantly better than the first script for this question, scoring 7/8 in total.

In the first paragraph, the candidate mentions lack of suitable labour as a knowledge mark. They also have 2 pieces of application about shortage of 7 million workers and lack of skilled workers and an analysis mark for their diagram. This point is then evaluated in the second paragraph. Their third paragraph talks about delayed infrastructure for the second knowledge mark and the impact on capital and labour mobility for analysis. They also have a quotation from the extract which could have earnt them another application mark. The only thing missing is another piece of evaluation for the last mark.

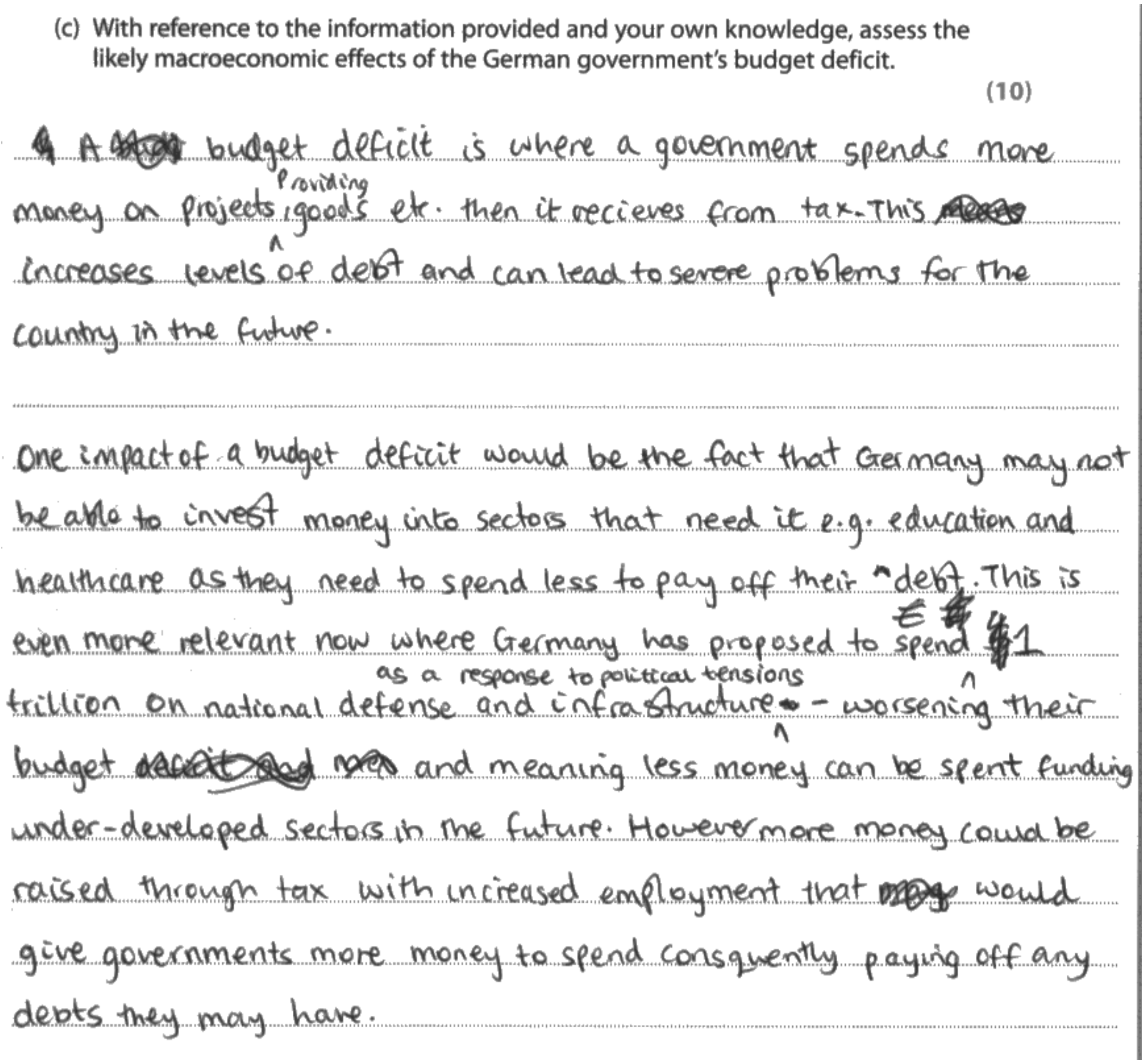
ResultsPlus
Examiner Tip

If you look at this answer it is roughly the same length as the other example except this answer gets 7/8 and the other only 3/8.

It is not about how much you write, but whether you write an answer to the question that matters.

Question 6(c)

In this question, candidates needed to discuss the ***effects*** of the German government's budget deficit. The question is in plural so examiners were looking for more than one effect to be discussed. This question was marked using a Levels-based mark scheme, which is the same for any 10-mark question across the Economics A exams. The focus when examiners are marking is on the answer as a whole and what level the answer best fits into. In this particular question, some candidates focused more on the immediate term and the fact that the government is running a deficit means that there will be more injections than withdrawals into the circular flow of income, thus increasing aggregate demand. Others took the view that this budget deficit may need to be paid back in the future which could mean contractionary policies. Either approach is acceptable in answering this question.



(c) With reference to the information provided and your own knowledge, assess the likely macroeconomic effects of the German government's budget deficit.

(10)

~~A~~ A ~~[illegible]~~ budget deficit is where a government spends more money on projects, providing goods etc. then it recieves from tax. This ~~[illegible]~~ increases levels of debt and can lead to severe problems for the country in the future.

One impact of a budget deficit would be the fact that Germany may not be able to invest money into sectors that need it e.g. education and healthcare as they need to spend less to pay off their debt. This is even more relevant now where Germany has proposed to spend ~~$~~ € ~~$~~1 trillion on national defense and infrastructure as a response to political tensions - worsening their budget ~~deficit and~~ ~~[illegible]~~ and meaning less money can be spent funding under-developed sectors in the future. However more money could be raised through tax with increased employment that ~~[illegible]~~ would give governments more money to spend consquently paying off any debts they may have.

ResultsPlus
Examiner Comments

This answer is a fairly limited response. Overall, it is low Level 2 for KAA and low Level 1 for evaluation.

In the first paragraph the candidate has simply said that it will create debt with nothing to explain why this is an issue or what the 'problems' they mention might be. There is some better development in the second paragraph about less spending on education and healthcare but it isn’t clearly explained why this might occur as a result of a budget deficit. There is a very brief piece of evaluation right at the end of the answer.

ResultsPlus
Examiner Tip

Focus on developing fully each of the points you make. Start off a paragraph by identifying a specific point in answer to the question and then think how you can explain that point step-by-step in a way that clearly answers the question set.

(c) With reference to the information provided and your own knowledge, assess the likely macroeconomic effects of the German government's budget deficit.

(10)

A budget deficit occurs when government spending is greater than government tax receipts.

In 2020, Germany had a budget deficit equal to 4.3% of its GDP. A high budget deficit may lead to increased borrowing to cover it. Increased borrowing may lead to a rise in interest rates, due to demand for borrowing increasing. A rise in interest rates makes it more expensive for private firms to invest, leading to reduced investment. This is a crowding out effect.

However, due to the global health crisis in 2020, there was likely a negative output gap in the German economy. This would mean interest rates aren't likely to rise as much as there is a lot of spare capacity for borrowing in the economy. This leads to a weaker crowding out effect.

In 2021, Germany had a budget deficit equal to 3.7% of its GDP. A fiscal deficit over time will accumulate to the national debt due to increased borrowing. A rise in the national debt over time may lead to reduced lender confidence, leading to higher interest rates, which leads to greater interest payments. This leads to greater government spending which is not an injection into the circular flow of income (debt interest), further worsening the budget.

However, the fiscal deficit had only been ongoing for 3 years, meaning national debt may not have accumulated yet. Also, the fiscal deficit is improving, from 4.7% of GDP in 2020 to 2.6% of GDP in 2022. This may lead to national debt not accumulating as much.

ResultsPlus
Examiner Comments

This is an excellent quality answer that achieves full marks.

There are clear chains of argument that explain the candidate's reasoning along with well-developed evaluation. There is also good evaluation to make it relevant to Germany and the information provided in the case study.

ResultsPlus
Examiner Tip

Notice that this is a relatively short answer to this question, Candidates should remember to focus on the quality of their answers, not the quantity.

Question 6(d)

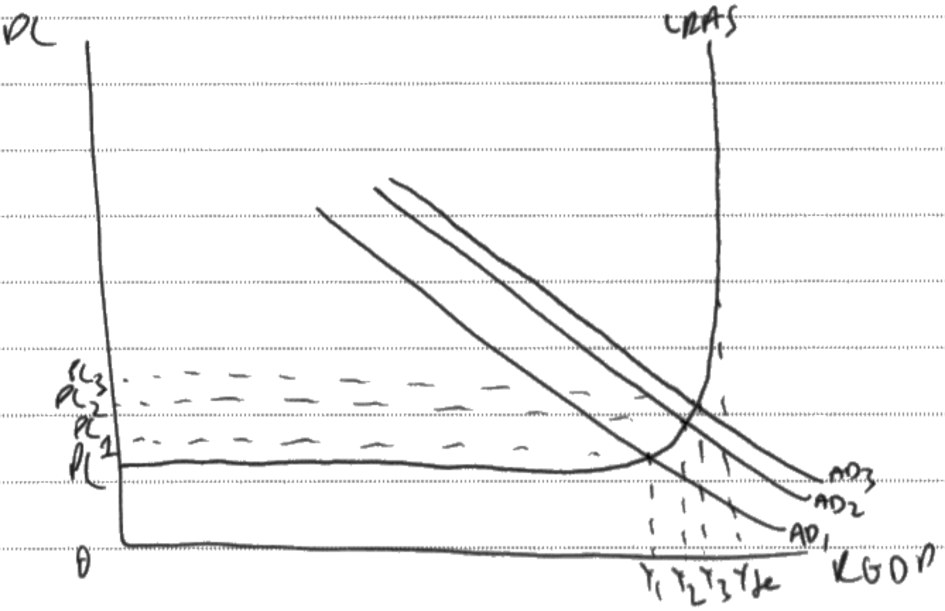
This question seemed to be highly accessible to candidates and one where there were many very good answers. Some candidates wrote much more than was needed, especially for the KAA side of the question. The question specifically asked for the impact on aggregate demand - that is all that needed to be discussed in terms of KAA. Candidates would not gain any marks by discussing how increased investment by firms may help to increase aggregate supply, as that was not what they had been asked to do.

Good answers frequently made effective use of the case study to illustrate points, both for KAA and for evaluation. For example, referencing the number of jobs and how this will increase consumption in the economy but then, for evaluation, referencing the fact that many of these jobs are only for construction and so won't have a long-term impact on Germany's aggregate demand. Candidates also needed to draw a correctly labelled diagram showing an increase in aggregate demand for KAA Level 3.

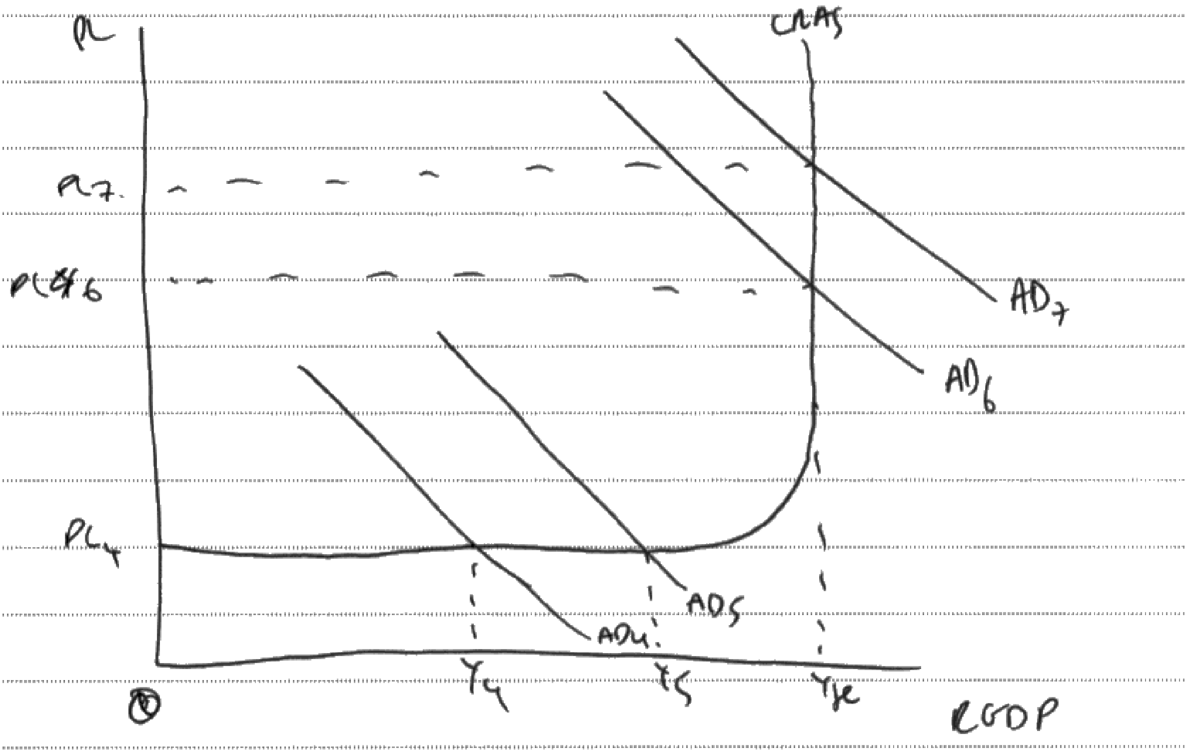
(d) With reference to Extract B, discuss the impact of the planned investment by Intel in a new semiconductor factory on Germany's **aggregate demand**. Use an aggregate demand and aggregate supply diagram in your answer.

(12)

Intel is to double it's investmet in semiconductor factories in East Germany to €30 billion. As investment is an injection into the circular flow of income and ~~as~~ a component of AD, ~~then investme~~ (C+I+G+(X-M)) when ~~the~~ investment increases, AD increases from AD_1 to AD_2. There is an increase in real output from Y_1 to Y_2 thereby increasing economic growth. There is an increased derived demand for labor, reducing unemployment. There may be positive multiplier effects further shifting AD out from AD_2 to AD_3 increasing real output further from Y_2 to Y_3.



However the impact of the planned investment by Intel on Germany's ~~AD~~ real output depends on the elasticity of the Keynesian LRAS ~~[illegible]~~ curve. As Germany's AD is likely to lie on the elastic segment on the LRAS due to Germany having ~~[illegible]~~ entered a recession in 2023 meaning there is likely to be spare capacity, any increase in AD from AD_4 to AD_5 would significantly increase real output from Y_4 to Y_5 without any inflationary pressures (PL_4). Otherwise, if Germany's AD lay on the inelastic segment of the ~~[illegible]~~ LRAS, any increase in AD from AD_6 to AD_7 would only increase inflationary pressures from PL_6 to PL_7 with ~~[illegible]~~ no change in real output (Y_{fe}). This is because the economony would be operating ~~at the~~ at full capacity.



ResultsPlus
Examiner Comments

This is a high-quality answer that achieves full marks.

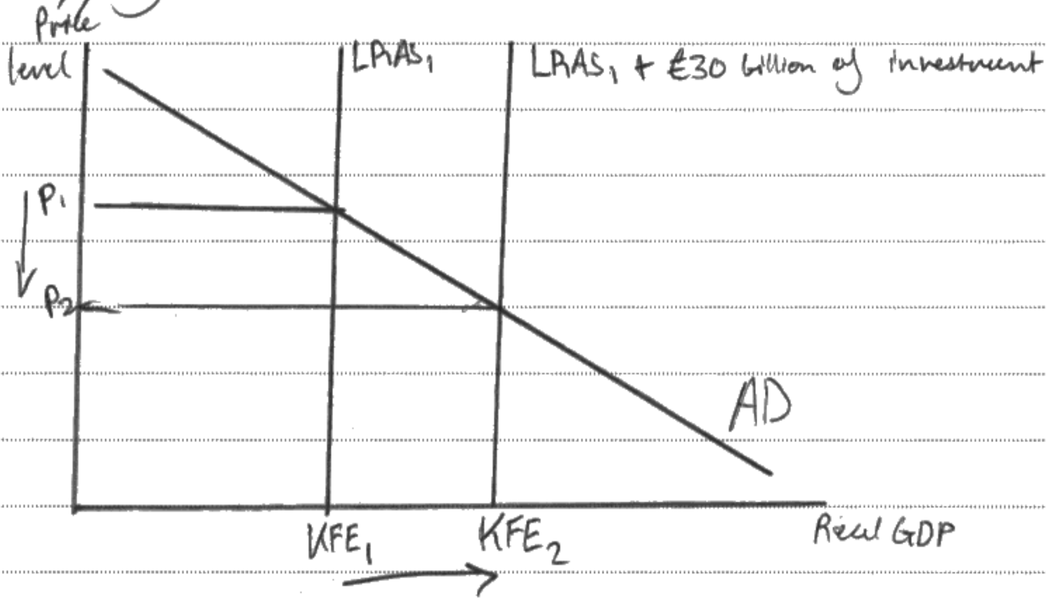
For KAA, the diagram correctly shows AD increasing and everything is correctly labelled. Looking at the written explanation, it is clearly broken down with step-by-step explanation focused on injections into the circular flow of income as well as discussion of the multiplier effect.

The evaluation on the second page is equally very well-explained and goes beyond what would be needed for 4/4 evaluation marks.

(d) With reference to Extract B, discuss the impact of the planned investment by Intel in a new semiconductor factory on Germany's **aggregate demand**. Use an aggregate demand and aggregate supply diagram in your answer.

(12)

The impact of foreign direct investment would likely create an increase in production of semiconductors within Germany. Extract B states 'Investment in semiconductor factories in eastern Germany to €30 Billion'. The increased investment would create a shift in the long run aggregate of supply.



Due to the large investment costs of production per unit would likely decrease. This is because of an increase in factories and a significant increase in workers. Extract A: ~~Create 2000 construction jobs~~

'about 3,000 permanent high-tech jobs and tens of ~~thoury~~ thousands of additional jobs across the semiconductor industry.' The level of aggregate demand would increase because the price of the semiconductor is to decrease.

The impact on the German economy would be positive as levels of unemployment would decrease and also production of semiconductor goods have increased. This promotes economic growth.

ResultsPlus
Examiner Comments

This answer is a good example of what not to do when it comes to answering an exam question - and that is to not answer the specific question set.

The first paragraph is simply descriptive and repeating information from the extract but not using it in any way to answer the question. There is some understanding that the increase in employment will increase aggregate demand, but it isn't clearly explained how this would come about. The diagram shows an increase in aggregate supply, not aggregate demand.

Overall, this achieves low Level 2 for KAA, mainly because there is good application and there is some idea of more jobs increasing AD, but no marks for evaluation.

ResultsPlus
Examiner Tip

Make sure you read the question carefully. Here the focus is on aggregate demand, NOT aggregate supply.

Question 6(e)

This question is asking specifically about supply-side policies, and so that needs to be the focus of the answer. Any supply-side policies can count for example, improving education, healthcare, or infrastructure. Also, deregulation was discussed in many answers using the information in the extract. Marks would not be gained for discussion of policies that are not supply-side policies. The top-level answers for KAA generally did two things. Firstly, they made effective use of the case study to illustrate points: for example, the shortage of skilled workers or the bureaucracy delaying projects. Secondly, they explained clearly and in detail how the supply-side policy would work and what effect it would have on Germany’s economic performance. Many answers lacked sufficient detail of exactly how the policy would work to gain KAA Level 3: for example, when discussing education just writing in general terms about increased spending on education rather than giving specific examples like improved teacher training or more funding for apprenticeships in the areas where there are skills shortages as identified in the extract. Candidates who wrote about 'infrastructure' in general but never really got to saying exactly what aspect of infrastructure they were referring to similarly didn’t achieve top level. It is also worth candidates remembering that this question did not say anything about interventionist or market-based policies, so it did not matter which policies you choose to write about, and you were also not going to gain any marks for explaining the difference between the two or saying that investment in education is an interventionist policy.

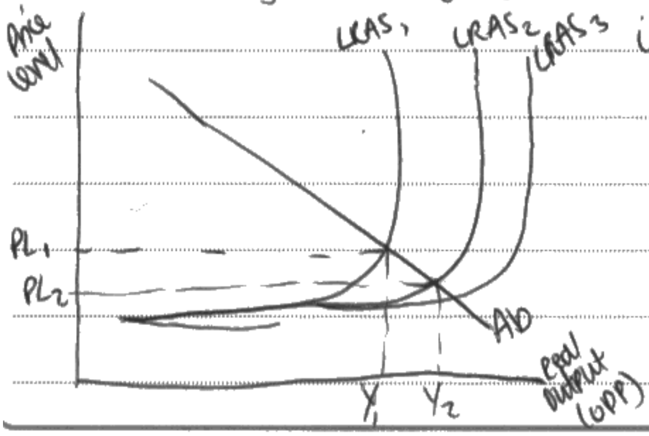
(e) Discuss supply-side policies the German government could use 'to improve its economic performance' (Extract A, line 6).

(15)

① education + training
'lack of skilled wores in ....'
Ev time lag.

② 'planning reforms to infrastructure'
Ev. opp. cost → worsen existing deficit

One supply side policy the German government could use would be to make education and training reforms. This ~~would help to increase to~~ could be done by changing curriculums or enhancing training programmes. This would help to combat the 'lack of skilled workers in the building trade, electrical engineering and professional services'. Therefore to combat this to meet 'the country's economic ambitions', ~~Germany~~ the German government should invest in education and training. This will achieve their ambitions by improving the quality and the quantity of ~~skilled~~ workers in the labour force, for example by encouraging university studies. This increase in quantity and quality of labour will increase Germany's long run aggregate supply. This will allow Germany to operate at a higher level of output, allowing



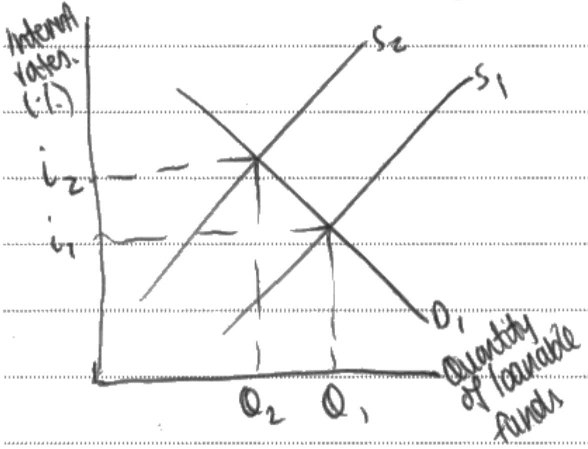
greater employment of resources. This is shown by an increase in output from Y_1 to Y_2 without any ~~the effects of lower~~ inflationary conflicts as prices fall from PL_1 to PL_2. This should therefore help Germany to improve economic performance by promoting economic growth and reducing inflation.

However, there may be a time lag in the effectiveness of these policies. This is because enhanced education and training won't likely improve the quality or quantity of labour for a while after the policy has been implemented. This may therefore create an opportunity cost for the government on whether the budget should allocate resources for this at the expense of other areas of government spending, for example via 'infrastructure projects' or other more essential areas, such as welfare payments. This opportunity cost may be further enhanced as there's an 'aging population' to which scarce government finances shouldn't be directed at upskilling.

Another possible supply side policy the government could use to improve its economic performance is by improving and enhancing infrastructure projects. For example in 'renewable energy production' there has been delays due to 'lengthy planning procedures'. By investing in improving existing infrastructure such as these governments

This can enhance productive efficiency of the existing infrastructure projects, allowing output to be ~~[illegible]~~ ~~further~~ increased via these energy projects more efficiently and with a shorter time lag. This could therefore enhance existing ~~[illegible]~~ aggregate supply benefits, possibly resulting in a further shift to $LRAS_3$, which holds a larger productive potential for the economy when operating at full employment.

However, this will require high amounts of government spending to ensure further investment on these existing renewable energy projects. These can worsen Germany's deficit further, following the current deficit trends from 2018 to 2022. These deficits, reaching even -4.3% of GDP in 2020 indicate a growing national debt for Germany.



This will ~~increase the~~ ~~that~~ reduce the supply of loanable funds as the government's debt grows. This pushes up interest rates from i_1 to i_2. This disincentivises borrowing and therefore investment of the private sector and some may leave the economy. This crowding out of the private sector as a result of high government spending can harm aggregate demand through investment, which may suggest excessive spending by the German government through these supply side policies, may not improve its economic performance.

ResultsPlus
Examiner Comments

This is an excellent answer, achieving top level for both KAA and evaluation.

The first point is focused on education and goes beyond a Level 2 answer to have both specific examples of how the investment in education could work in practice as well as having good application from the extract. This point is also effectively evaluated, not simply by saying there is an opportunity cost for the government, but by developing this line of evaluative argument with specific examples. The second point focuses on infrastructure and, again, offers good application and clear explanation of how this could work in the German economy. This is equally very well-evaluated, discussing the impact on interest rates in the wider economy of an increase in demand from the government for borrowing money.

ResultsPlus
Examiner Tip

This answer has a very clear structure, with four paragraphs in total and each one laser-focused on a specific KAA or evaluation point. This is an excellent way to structure a 15-mark question.

(e) Discuss supply-side policies the German government could use 'to improve its economic performance' (Extract A, line 6).

(15)

The German government can use either Free market ~~based~~ or interventionist supply side policies to improve its economic performance.

To improve economic performance in Germany the government can directly intervene by using government spending, this would either be through Infrastructure or education. For Education, the government can directly intervene by improving the current education system in Germany, this will have many long term effects as it boosts the employability chances ~~of~~ for citizens and prepares Germanys future generations with a more skilled labour force. This will improve economic performance and growth by producing long term high quality goods and services. Through the government can also spend on Infrastructure projects as it will help with allowing easier commute for workers within Germany for example through building a high speed railway system through Rhodes and Berlin. Moreover, this will benefit the flexibility of the labour market. However the only disadvantage with this policy is the time lag, this is something that the spending will take time into effect such as building tracks or training in schools, these things cannot [illegible] be taken overnight.

Another form of policies Germany could use to develop its economic performance would be to use free market policy. This could be through de-regulation or the removal of welfare benefits. Since the majority of Germany's labour is unemployed, this may be through the [illegible] support and benefits the government offers, which creates no incentive for people with the capacity to work to actually work. So by removing benefits it pushes individuals to go and work and own a sort of income. To improve economic performance Germany can de-regulate if they have too many regulations in place that limits competition and trade. This can be done for example by losing the certificates and license needed in order to bring goods into the country. This will boost economic performance as it provides an incentive for them come to trade with Germany.

ResultsPlus
Examiner Comments

The first point this candidate makes is about education. This is reasonably well-explained but lacks specific examples of how the improvement in education might come about.

The second point which is merged with this, about infrastructure, is of a similar standard. There is then some evaluation but only at low Level 2. The answer continues in a similar vein, with more supply-side policies discussed, again at KAA Level 2.

Overall, there are several points here but all at Level 2 for KAA and only one limited piece of evaluation, which makes this answer Level 1 for evaluation overall.

ResultsPlus
Examiner Tip

Do not try to write about lots of different supply-side policies. Focus on two specific ones and explain them in more depth. Remember the focus on all the levels-based questions is on depth, not breadth.

Question 7

There are two things to consider when answering this question. Firstly, the starting point for an answer should be from a point of view of seeking to control inflation. So this could, for example, be contractional monetary policies of increasing interest rates in order to reduce inflation. Then, and this is the most important part of an answer, the focus needed to be on how these attempts by the Bank of England or the UK government to control inflation will lead to conflicts with other macroeconomic objectives such as economic growth or unemployment. The evaluation in an answer then needs to be focused on how there might not be a conflict between attempting to control inflation and the macroeconomic objective. Some candidates struggled to focus their answer on the conflict and clearly explaining, step-by-step, about how/why there is a conflict. Arguments using the Phillips curve in particular seemed often to struggle to clearly explain why low inflation would be likely to lead to higher unemployment (or vice versa).

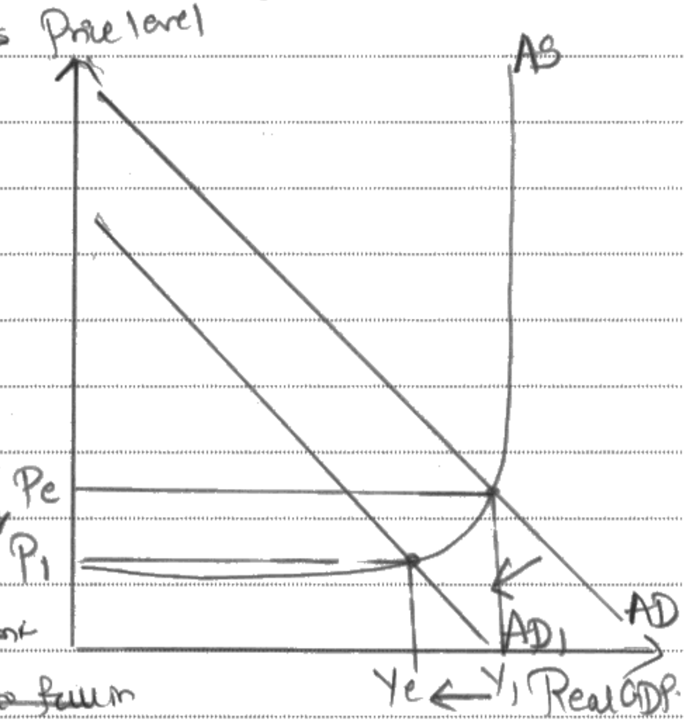
Indicate which question you are answering by marking a cross in the box ☒. If you change your mind, put a line through the box ☒ and then indicate your new question with a cross ☒.

Chosen question number: **Question 7** ☒ **Question 8** ☐

Write your answer here:

Inflation is the rise in general price level.

One likely way to reduce inflation is by using contractionary monetary policy, this means increasing interest rates. Currently the interest rates are nearly 4.25%, increasing them can result in increased cost of borrowing and ~~bean~~ incentivise savings, this will result in firms borrowing less to invest ~~resulting in~~ as investment is nearly 24% of aggregate demand so aggregate demand will fall. As aggregate demand falls ~~resultin lower prices~~ from AD to AD, the price level decreases resulting in fall in ~~[illegible] and GDP which~~ inflation. ~~But this~~ ~~wil as AD falls the GDP will fall resulting in impacting economic growth that is macroeconomic objective negative, leading to fall in economic growth.~~



~~However, according to Philips Curve, the economic growth won't fall much, As if businesses remain confident when interest rates increases, this will result in~~

However, ~~economic growth won't be affected much~~ ~~if~~ if Aggregate demand falls this will result in fall in GDP which means less goods being produced in the economy resulting in affecting the economic growth negatively. So, while controlling inflation this will likely effect the other macroeconomic objective ~~that is~~ economic growth.

- ~~w~~ continued written on last page) evaluation rest

Another likely ~~to~~ way to reduce inflation is by increasing corporation tax and income taxes. By increasing income tax from 37% to 41% ~~when~~ will lead to fall in real incomes for consumers, which will lead to fall in disposable incomes, resulting in fall in consumption. As consumption accounts for 60% of AD the aggregate demand will fall ~~a~~gain if aggregate demand falls this will result in ~~fall~~ in price levels resulting in fall in inflation. As as, corporation tax increases, firms invest less this resulting in fall in AD and investment is component of AD, which will result in fall in price levels and fall in inflation.

However ~~tax~~ as income tax increases it affects the poor or low a income ~~income~~ household more, resulting in increased inequality in the economy as they will be less likely to afford. ~~Ast~~ Also, if ~~corp~~ corporation tax ~~increased~~ increases this results in ~~in~~ foreign investors relocating reducing investment in economy leading to fall in economic growth, this again shows a tradeoff between economic growth and inflation.

Another likely way by using monetary policy & when interest rates increases, the exchange rate increases resulting in appreciation in the value of pound. As pound appreciates, the exports become expensive, as exports become expenses, internationally competitiveness falls resulting in lower aggregate demand of goods and again as AD decreases firms likely to invest and produce less resulting in fall in prices which results in fall in inflation.

However, as pound appreciates, the businesses invest and produce less which will result in firms cutting costs resulting in increased unemployment which again affects the another macroeconomic objective to lower inflation unemployment will rise.

However, it depends on Marshall lerner condition if demand for ~~goods are~~ exports are inelastic this won't ~~affect the~~ the lead to fall in exports, so aggregate demand won't necessarily fall. ~~resulting in~~ Also, according to Philips Curve if businesses remain confident and continue investing, ~~without~~ ~~of~~ ~~ad~~ ~~affecting~~ and ~~much by~~ interest rates increases this will result in less unempolyment and cut jobs and also result in fall in inflation, so by Philips Curve it won't affect the objectives if done carefully. And also in short run according to J curve contracts are fixed so exports won't to p

~~Another way of using monetary fund to reach a~~ ~~“target of 2%” is by using quantitative tightening, this means by selling bonds government will result the flow of money into r~~

~~Another effect by rising interest rates to help reach target of 2% is by increase appreciation of pound which will likely~~ affect the ~~[illegible]~~ affected much.

Another way of using monetary policy is by ~~qu~~ quantitative tightening to reach target of 2% by selling bonds less money entering the economy resulting in fall in aggregate demand which results in fall in ~~in~~ inflation as AD affects the inflation more.

Another way to reduce inflation is by ~~i~~reducing government spending from public services. This ~~results in lower incomes~~ 'lower ~~disposable incomes for consumers~~, as ~~they face~~ ~~h~~ ~~falling~~ By resulting "welfare payments" resulting in reduced demand as less money into the economy, resulting in lower AD which results in ~~increased~~ fall in inflation due to less spending and AD.

However, ~~this~~ ~~can~~ ~~be~~ if government spending falls this will result in

~~However~~ For reason 1 however,

However, if government fund in other areas and only ~~increase~~ increase the interest rate in short term then economic growth won't be affected much, resulting in improving economy with lowering inflation.

ResultsPlus
Examiner Comments

Looking at this answer, the first point takes a while to get to, but on the second page, the candidate does eventually get to the point that lowering inflation could lead to lower economic growth. Similarly, the second point is fairly well-explained, but needs more focus specifically on the conflict and why it exists. The answer continues with further KAA, and even more KAA on the last page. There is a limited amount of evaluation on the fourth page, but it lacks much in the way of development of points.

Overall, this answer has far too many different points and lacks sufficient development of any of them to reach Level 4 for KAA or to reach beyond Level 1 for evaluation. Therefore, this answer is KAA Level 3 and evaluation Level 1.

ResultsPlus
Examiner Tip

Candidates should not try to write about as many different conflicts as they can think of. Depth is much more important than breadth.

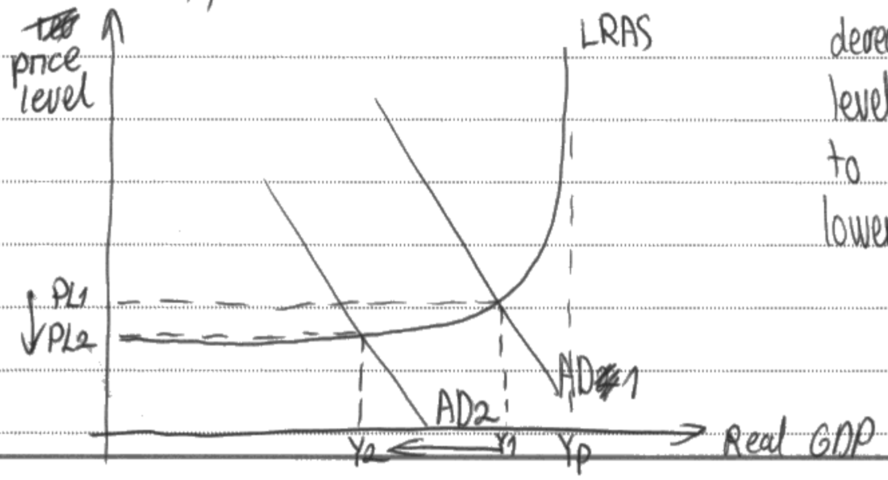
Indicate which question you are answering by marking a cross in the box ☒. If you change your mind, put a line through the box ☒ and then indicate your new question with a cross ☒.

Chosen question number: **Question 7** ☒ **Question 8** ☒

Write your answer here:

Monetary policy ~~is the ca~~ is the use of interest rates and money supply in order to control the rate of inflation. Following 11.1% inflation rate in October 2022, Bank of England (BoE) highlighted their 2% inflation target and emphasized that lowering the inflation will help UK economy thrive. However, it is more likely that controlling inflation will conflict other economic objectives such as economic growth.

By setting higher bank base rate, and assuming that commercial banks will follow the increase, Monetary policy Committee of BoE wants to make borrowing more expensive and saving more attractive to consumers. Additionally, loan repayments ~~and~~ such as those on mortgages will increase, which will lower consumer incomes. Combined, these two factors will likely ~~the~~ decrease levels of consumption as marginal propensity to save (MPS) is higher, while marginal propensity to consume (MPC) is lower. Consumption (C) is a component of aggregate demand (AD), so its decrease will decrease AD. from AD1 to AD2, decreasing price level from PL1 to PL2 helping lower inflation.

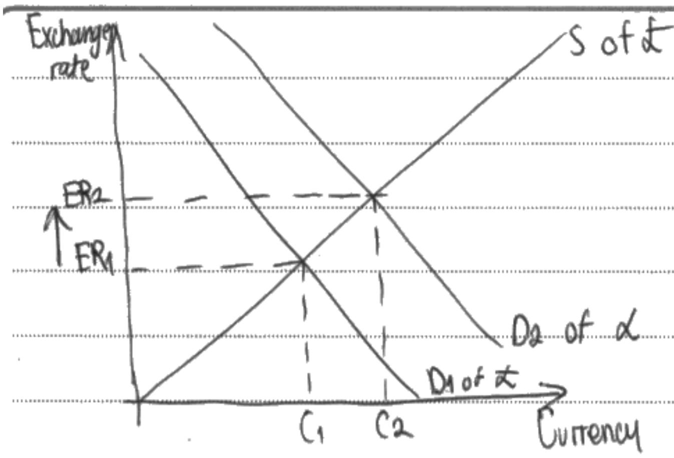


However, decrease in real GDP from Y_1 to Y_2 means that the economic growth has decreased, which puts controlling inflation in conflict ~~whilst~~ with supporting macroeconomic objective of sustained economic growth (at least 2% of growth in annual GDP).

~~This may~~ However, these two objectives may not be in conflict if price stability ~~can~~ increases ~~higher consumer and~~ consumer and business confidence who may then decide to increase their levels of consumption and investment. This would then increase AD and economic growth following a fall in inflationary pressures.

Controlling inflation may also be in conflict with achieving current account surplus and having balance in balance of payment (BoP). Increasing interest rates to lower inflation will lead to hot money inflows as investors from abroad can gain a higher return from saving their money in UK bank accounts. This will increase the demand of Great British pound * and cause the value of currency to appreciate from ER_1 to ER_2.

* from D_1 to D_2



Higher value of pound will make UK exports more expensive and imports cheaper which will worsen the current account deficit, showing how controlling inflation is at odds at having ~~bet~~ current account surplus and balanced BoP (current account is one of the parts of BoP)

However, this depends on how ~~non-price competitive goal~~ important is price competitiveness to those who buy UK exports. UK is one of the biggest financial services sectors and UK already has a surplus in trade of services due to its strong competitiveness in quality of services. Therefore, net trade in services may increase following depreciation of pound enough to mitigate some of the effects of negative trade balance in exports ~~(which have very low competitiveness.~~ (due to low export competitiveness).

Overall, controlling inflation may ~~act~~ produce conflicts with controlling other macroeconomic objectives. Unemployment levels are already low at around 4.4% in 2025. Therefore economic growth is a stronger cause for concern as UK ~~is gr~~ has grown only 0.7% in Q1 2025 which is below the governments target. Therefore, lowering interest rates to 4.25% in May 2025 may help stimulate economic growth especially due to negative effects of Trump's tariffs.

ResultsPlus Examiner Comments

The first point the candidate makes, which takes a while for them to get to across in the first two paragraphs, is that there is a conflict here between controlling inflation and economic growth. The candidate has made good use of the diagram here. The evaluation of it is not quite so well-explained with a slightly circular argument being made. The second point, about a conflict with the current account, is again well-explained, although it is lacking a bit in application. The evaluation makes good use of context although still isn't quite well-enough explained for top level.

Overall, therefore, this answer achieves Level 4 for KAA and top Level 2 for evaluation.

Question 8

This question focused on factors that affect the level of economic development in a developing country. This is a broad question, and there are a wide variety of factors that candidates could write about. The most popular points for candidates to discuss seemed to be primary product dependency and the Harrod-Domar model, although many others were also discussed and effectively explained. It was only an issue in a few cases, but candidates should ensure their answers are focused on developing countries and not developed ones. Some candidates perhaps got a little carried away with this question and answers became too descriptive and not sufficiently analytical to achieve the top levels. It was also noticeable that there were a number of very long answers that scored lower than answers that were less than half their length. The important thing here is not whether candidates can explain everything about a factor but whether they can argue a specific point clearly in answer to the question. Candidates should also make sure that each point they make is clearly focused on one factor. Some answers seemed to be merging together several factors into one point which then meant they probably had not fully explained any one of those factors.

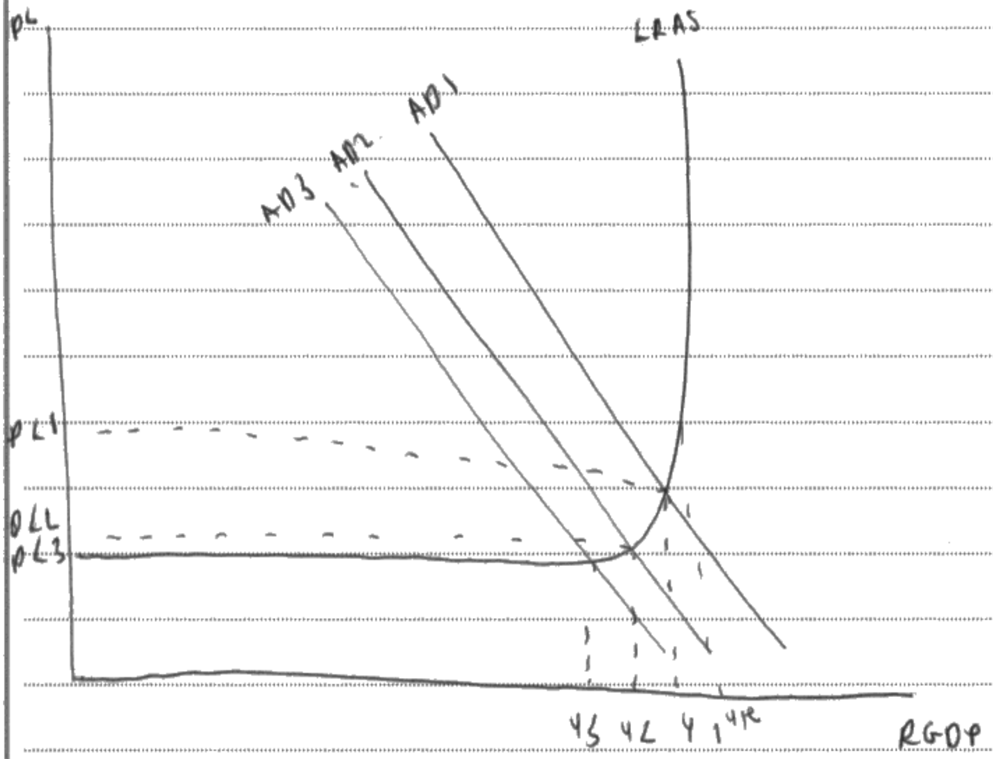
Indicate which question you are answering by marking a cross in the box ☒. If you change your mind, put a line through the box ☒ and then indicate your new question with a cross ☒.

Chosen question number: **Question 7** ☐ **Question 8** ☒

Write your answer here:

* One factor influencing the level of economic development in Malawi is the savings gap. This is presented by the Harrod Domar model. In Malawi, due to it being a low income country, this means that generally people earn low incomes. This means that they usually have a high marginal propensity to consume, this means that there's insignificant funds for savings. If there is a lack of savings then this means that financial institutions like commercial banks ~~are~~ don't have cash deposits. This means that they are unable to hand out loans for investment. Due to the rate of savings being proportional to the amount of capital accumulation and Malawi only having 7% of its GDP in savings, this means there is a lack of investment. This means that as investment is a component of AD, then AD would decrease from AD1 to AD2, causing a fall in economic growth from Y1 to Y2. This affects development as labour is a derived demand and due to demand for goods and services decreasing, unemployment increases, this means that GNI per capita decreases and as a result the HDI would also decrease.

As a result of unemployment, there will be a negative multiplier effect meaning that AD would further decrease from AD2 to AD3, resulting in a fall in economic growth, this is due to a lack of income meaning less consumption. this means that unemployment would further decrease, this means that more people don't have access to healthcare services worsening HDI, as health is a component.



However, the savings gap may not influence economic development negatively. this is due to the fact that the savings gap can be fixed by aid or loan from international institutions like the

IMF. This means that it may not hinder economic development. As well as this, the savings gap may not be the most important factor in influencing economic development, it could instead be low confidence in the economy, meaning consumers or firms don't feel comfortable saving their money due to the country having a high chance of entering recession.

Another possible factor, influencing the development of Malawi is primary product dependancy (PPD). This is explained by the Prebisch Singer Hypothesis, as Malawi is a big exporter of cotton and relies on the export revenue from it, this can affect economic development. This is due to the fact that the demand for manufactured goods rise at a faster rate then the demand for primary products, when income increases. This means that the YED for manufactured goods increase at a faster rate than the YED for primary products. This means that terms of trade worsens, this means ~~cotton~~ export prices fall. This then means that there's a lack of demand for primary products. This means that there's a lack of export earnings and how Malawi, can't use their export earnings to improve their infrastructure. This means that they cannot fix their uneven roads or increase access to remote areas. This means that they cannot increase the geographical mobility of their labour. ~~or incentivise FDI~~. This means that they cannot incentivise FDI to set up as their physical capital is weak. This influences economic development as the citizens of Malawi are unable to gain access to employment in other areas, therefore this limits their GNI per capita and as a ~~result~~ result influences economic development negatively,

However, PPD may be ~~m~~ able to influence economic development ~~positively~~ positively, this is due to ~~Country~~ Malawi being able to gain a comparative advantage in producing cotton. This means that they would be able to specialise and increase their trade and as a result be able to increase their world output. This would influence economic development positively as now (X-M) which is a component of AD would increase, and as a result AD would increase meaning greater employment opportunities due to labour being a derived demand. Therefore increase in GNI per capita, meaning increase in standard of living due to having access to greater services like education and healthcare.

Overall, it is a combination of factors that influence economic development such as Primary product dependancy, savings gap and demographic factors such as age being an important factor due to the idea of high dependancy ratio. Therefore it is difficult to identify one main factor and it is rather a culmination of factors that influence economic development.

* Economic development, is the measure of the quality of life and living standards. It is measured by HDI which is a composite indicator and is measured between 0 and 1.

ResultsPlus
Examiner Comments

The first paragraph here is an introduction, so we can move on and look at the first point which is about over-reliance on trade with the USA for Mexico. There is particularly excellent application in this paragraph along with good chains of reasoning. The evaluation of this point is also effective and of top level quality. The second point is focused on corruption and again with clear step-by-step chains of reasoning and effective application to develop a strong line of argument. This is followed by some highly effective evaluation using the Lewis model. There is also an attempt at a bit of a judgement at the end of the answer.

Overall, this is a strong top level answer for both KAA and evaluation.

ResultsPlus
Examiner Tip

This answer is only 4 pages long (and about 3.5 if you ignore the introduction) yet it is an excellent, top-level answer. Candidates should think about how to effectively answer the question with points that offer developed chains of reasoning like in this answer without ending up being highly descriptive, as was often found in some of the longer answers that did not achieve as highly.

Indicate which question you are answering by marking a cross in the box ☒. If you change your mind, put a line through the box ☒ and then indicate your new question with a cross ☒.

Chosen question number: **Question 7** ~~☒~~ **Question 8** ☒

Write your answer here:

~~One positive conflict could be between~~

One possible factor influencing the level of economic development in Sudan could be the lack of public service spending. This is because, Sudan's public services ~~are~~ such as healthcare ~~and~~ are struggling to keep running, potentially due to the lack of government spending.. One main reason for the struggles in Sudan's public services could be the lack of skilled workers and large job shortages. This could be due to developed countries such as the UK & the UAE, taking skilled workers from Sudan to keep fill their staff shortages. especially in healthcare, as doctors/nurses are often paid higher wages, better working conditions and a greater standard of living compared to Sudan. As a result, due to the lack of workers in Sudan's healthcare sector, this may have a negative impact on Sudan's labour force. This is because, workers will be more prone to suffering or dying from curable illnesses, compared to developed countries such as the UK, due to shortages of doctors, blood transfusion equipment, medical supplies and other skilled workers. As a result, the Sudan's government may lack revenue through tax, as workers may be unable to work, due to the lack of healthcare, decreasing government spending and stopping Sudan from increasing their level of economic development.

Another possible factor could be power outages, blocking internet access and fuel shortages. This means Sudan may be unable to benefit from advances in technology, ~~potentially~~ to help fuel their economic development. This is because, due to Sudan often lacking internet access, they may be unable to sell their export goods to countries across the world. With Sudan having large levels of access to raw materials such as gold, which they are unable to sell due to Sudan lacking advances in technology. As a result, Sudan is unable to benefit from their wide range of raw materials, which they could use to help increase their economic development. This is because, due to the lack of internet access, Sudan may be unable to retail receive a fair price for raw materials, or an increased price, as developed countries may be more willing and able to pay high prices for Sudan's raw materials.

To conclude, I think the main factor is Sudan's lack of skilled workers which causes struggles in their public services such as healthcare. However, Sudan due to the lack of internet access may be unable to benefit from trade, especially with more developed countries who are willing and able to pay higher prices for raw materials.

ResultsPlus
Examiner Comments

The first point in this answer, focusing on a lack of public services, is well-written with clear chains of argument and is of KAA Level 4 quality.

The second point isn't quite so well-explained and the link between a lack of internet access and achieving a fair price for raw materials needs to be more clearly explained. The last paragraph is only offering a summary of what has already been said so doesn't add anything to the answer.

Overall, this answer achieves Level 4 for KAA but there is no evaluation, which significantly limits the mark it can achieve overall.

ResultsPlus
Examiner Tip

Make sure you are evaluating the points you are making in these questions, otherwise you are placing a ceiling on the overall mark you are going to be able to achieve on a question no matter how well-written your answer is.

Remember that you will not gain marks for summarising what you have already said in your answer at the end. You need to offer examiners a judgement in answer to the question.

Paper Summary

- Ensure you manage your time effectively. Spend 30 minutes on Section A, 1 hour on Section B, and 30 minutes on Section C. If candidates spend too long on Section A, they are in danger of running out of time for the 15 and 25-mark questions at the end of the exam paper.
- You can answer the paper in whichever order they see fit. Candidates may find it helpful in terms of time management to start with Section B or C instead of Section A.
- A multiple-choice question is worth 1 mark whereas Questions 7 and 8 are worth 25 marks. If you feel you don't understand a multiple-choice question at all then do not spend several minutes trying to work out the answer; this will leave you with not enough time on the longer questions.
- Maximise your efficiency by ensuring you only answer the precise question set. For example, in Section A, Question 4(c) is a short 2-mark question that simply asks you what has happened to China's current account as a result of the change in the terms of trade. Many answers included lots of information about terms of trade or current account which weren't relevant to this question.
- As part of your revision, spend time interpreting graphs. Look at the axes and think about what data the graph is showing you. If data is in percentages, this means changes between the data points would be in percentage points - something which is frequently described incorrectly by candidates in exam papers.
- There are no marks for evaluation in Section A or on the 5-mark question in Section B. Improve efficiency in time management by not including an evaluation in your answers to these questions.
- Ensure you know key formulas, such as how to calculate percentage change from index numbers data in Question 4(b).
- When drawing diagrams, remember to ensure that they are clear and have correct labels on both axes and lines. In particular, remember that on a macro AD/AS diagram, the vertical axis is NOT 'price' as it is not the price of a specific good - it is the average price level across the whole economy.
- Ensure you carefully study and understand the figures and extracts provided in Section B. These form the context for the questions, and answers should be related to this context and not be entirely theoretical. Think of the extract as a friend - it is there to help you answer the questions.
- The data for Section B is in a separate booklet for you- this should mean that you can have both the data and your answer booklet out on your exam table at the same time, so you can easily refer to the data in your answers.
- Remember to keep your answers within the space provided. If you run out of space, you should ask for additional paper and clearly indicate about which question you are writing. You should NOT, under any circumstances, write the answer to one question in the space for a different question.
- There is no need to repeat the question back to the examiner. Save time and get straight on with answering the question. In 2-mark questions, for example, you can just state the answer to the question and, as long as it's correct, you will get the 2 marks.

- There is no need to define every word in the question. For example, in Question 5(b), you do not need to explain what 'inactivity' is. In Question 6(e), you do not need to explain what supply-side policies are. You need to ensure every minute of your time spent in an exam is earning you marks.
- Remember that in Section B the 5 and 8-mark questions use a points-based mark scheme whereas the other questions use the Levels-based mark scheme. For example, in Question 6(b), the 8-mark question, there are 2 marks each for knowledge, application, analysis, and evaluation.
- Ensure you answer the precise question you have been set. For example, in Question 6(e), you will not get any marks for discussing demand-side policies and in Question 7 you need to be explaining the conflicts between macroeconomic objectives, not the importance of controlling inflation.
- You do not need to fill all of the answer space to achieve full marks. Indeed, on the front of your exam paper it says: 'there may be more space than you need'. Plenty of space has been provided. If you make a mistake, you still have room to carry on and for clear diagrams to be drawn as well as for candidates with larger handwriting, there is still have sufficient space to write their answers. It was particularly noticeable on Questions 7 and 8 that there were some very long answers- one spread an explanation of just one factor affecting development across over 2 sides. However, this doesn’t necessarily translate into higher marks. Examiners are not looking for you to explain everything you possibly know about a topic, they want you to provide a clear and well-argued answer to the question set.
- To get top marks on Levels-based questions, you need to ensure you fulfil all the criteria for the top level (eg, KAA Level 4 on essays). If you do not have good knowledge, analysis, and application then you cannot access the top marks.

Grade boundaries

Grade boundaries for this, and all other papers, can be found on the website on this link: https://qualifications.pearson.com/en/support/support-topics/results-certification/grade-boundaries.html

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