Question 30 (Answer: **C**)

- Removing a tariff lowers the domestic price of the imported good.
- Domestic production falls, domestic consumption rises, and the gap is filled by more imports.
- Consumer surplus rises, producer surplus falls, and the government loses its tariff revenue.

Question 3 (Answer: **B**)

- Moving towards a market economy means letting prices and profit allocate resources.
- Privatisation, deregulation and removing subsidies all do that.
- Introducing tariffs is more intervention, so it works against the aim.

Question 23 (Answer: **D**)

- Supply-side policy raises the economy's productive capacity.
- So training, deregulation, tax incentives to invest and improving labour mobility all count.
- An import quota or a tax on a good works on demand and prices, not on capacity.

Question 26 (Answer: **C**)

- Read both outcomes and ask whether *each* is a benefit.
- A measure with one good and one bad outcome cannot be the answer.
- So look for the government measure where both listed outcomes work in the economy's favour.

<table>
<tr><td rowspan="4">5(a)</td><td>Explain two tools of protection used by a country when trading internationally and consider whether one is likely to have more of an impact on the country's economy than the other.

Follow the point-based marking guidance at the top of this mark scheme and award:
up to 3 marks for AO1 Knowledge and understanding up to 3 marks for AO2 Analysis, up to 2 marks for AO3 Evaluation.

AO1 Knowledge and understanding (max 3 marks)

An explanation of what is meant by protectionism in general, i.e. to protect domestic industries from international competition. (1)

An explanation of two tools of protection used by a country when trading internationally, including tariffs, import quotas, export subsidies, embargoes and excessive administrative burdens ('red tape'). (1 × 2)

AO2 Analysis (max 3 marks)

An analysis of the two tools and how they impact an economy as methods of protection (a maximum of 2 marks if only one tool of protection is analysed).

AO3 Evaluation (max 2 marks)

Offers a valid judgement on whether one of the tools of protection is likely to have more of an impact on the country than the other (1) to reach a conclusion. (1)</td></tr>
<tr><td>AO1 Knowledge and understanding</td></tr>
<tr><td>AO2 Analysis</td></tr>
<tr><td>AO3 Evaluation</td></tr>
</table>

5(b)	**Assess whether all consumers, all producers and the government in a country will benefit equally from protectionism.** Use Table A: AO1 Knowledge and understanding and AO2 Analysis and Table B: AO3 Evaluation to mark candidate responses to this question. AO1 and AO2 out of 8 marks. AO3 out of 4 marks. **Indicative content** Responses may include: **AO1 Knowledge and understanding and AO2 Analysis** **Consumers**: • Consumers are likely to be worse off as a result of protectionist measures. There may be a restriction of choice. In the case of a tariff, consumer surplus will be lower after a tariff is imposed because consumers will pay a higher price but will consume less (i.e. there will be a redistribution of income away from consumers). **Producers**: • Producers may gain from protectionism as there will be a higher producer surplus with producers gaining at the expense of consumers (i.e. there will be a redistribution of income towards producers). However, protectionism may reduce the incentive to be efficient, e.g. potential benefits of the infant industry argument may not materialise. **Government**: • A government can receive revenue from a tariff. There may be an improvement in the balance of trade if protectionism is successful in reducing imports. However, whether domestic production will be able to compensate for this will depend on the elasticity of supply. **(Up to 8 marks)** **Level 1 responses** will be assertive and lacking in explanations/mainly descriptive and/or mainly lacking in relevance to the question. **Level 2 responses** may contain some inaccuracies and will be one-sided. Analysis will be explained at least in part and will be largely relevant to the question. **Level 3 responses** will consider alternative policies/concepts etc. and will be balanced. Explanations of points raised will be offered and will be accurate and relevant to the question. **AO3 Evaluation** • Consideration of whether all consumers, all producers and the government in a country will benefit equally from protectionism to reach a conclusion. Accept all valid responses. A one-sided response cannot gain any marks for evaluation. **(Up to 4 marks)**

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5(b)	
	AO1 Knowledge and understanding and AO2 Analysis
	AO3 Evaluation

Question 21 (Answer: **A**)

- Monetary policy works through interest rates, the money supply and credit conditions.
- Raising interest rates or tightening credit regulation are both monetary.
- An import tariff is a trade policy, collected as a tax – nothing to do with the money supply.

Question 27 (Answer: **D**)

- A tariff is a tax placed on imported goods.
- It raises the price of imports, so domestic producers become more competitive.
- A complete ban is an embargo, and a payment to producers is a subsidy.

Question 26 (Answer: **C**)

- Protecting an infant industry, or a strategic one, or retaliating against dumping, are all recognised arguments.
- So is protecting employment during structural change.
- What is *not* valid is a reason that would simply raise costs for consumers with no offsetting gain.

Question 29 (Answer: **C**)

- Import substitution means producing at home what was previously bought abroad.
- A small country loses the gains from specialisation and trade, so its resources are used less efficiently.
- The likely result is higher costs and higher prices for consumers.