Question 23 (Answer: **A**)

- Compare each industry's employment between the two years.
- A shift out of primary and secondary into tertiary is the normal pattern of development.
- Work out the direction of change for each industry before choosing.

Question 21 (Answer: **B**)

- Supply-side policy raises the economy's productive capacity.
- On a PPC diagram that is an outward shift of the curve.
- So it increases the production possibilities, which allows growth without inflation.

Question 23 (Answer: **B**)

- The labour force is those of working age who are either working or seeking work.
- The employed are those in work; the unemployed are those without work but able and actively seeking it.
- People of working age who are not seeking work are outside the labour force altogether.

Question 12 (Answer: **B**)

- A union's strength comes from the proportion of the workforce it represents.
- More members means more bargaining power and a more credible threat of action.
- Part-time and casual work usually *weakens* unions, since such workers are harder to organise.

4(a)	**Identify two policy measures a central bank could use to maintain price stability.** Two from: the rate of interest (1) the money supply (1) the exchange rate (1) quantitative easing / tightening (1).
4(b)	**Explain two benefits to an economy of full employment.** Logical explanation which might include the following. • High output / GDP (1) maximum use of labour resource. • High tax revenue (1) government could spend on e.g. education / healthcare (1). • Low spending on state benefits (1) can keep taxes low / money saved can be spent on other things (1). • Low poverty / increase incomes (1) enable people to purchase basic necessities / which could increase living standards (1).

4(c)	**Analyse how an increase in government spending on building houses could reduce unemployment.** Coherent analysis which might include the following. An increase in government spending on building homes may increase demand for building workers (1) may increase demand for building materials (1) demand for building materials workers / other workers related to building industry (1) labour is a derived demand (1) reduce structural unemployment (1) increase incomes (1) increase consumer expenditure (1) increase total demand (1) reduce cyclical unemployment (1) increase GDP / economic growth (1) may increase quality of homes (1) improve health (1) fewer workers may lose their jobs because of illness (1) increase labour productivity which may increase demand for labour (1) increase supply of houses (1) reduce price of houses (1) improve mobility of labour (1).

4(d)	**Discuss whether or not an increase in a country's economic growth rate will increase its HDI value.** In assessing each answer, use the table opposite. Why it might: • increase in GDP may increase GDP per head if increase in GDP is greater than any rise in population • higher GDP per head may increase spending on good nutrition / good housing and as a result increase life expectancy • higher GDP per head may increase tax revenue, enabling a government to spend on education and healthcare • higher GDP per head may enable families to keep their children in education for longer. Why it might not: • higher GDP per head may result in more spending on demerit goods, lowering life expectancy • may lead to inflation hindering access to healthcare and education and increase inequality in the distribution of income • may be the result of higher military expenditure which will not increase HDI • income may become more unevenly distributed, meaning life expectancy and years of education of the poor may fall • more pollution may be created, lowering life expectancy • working hours and stress may increase, lowering life expectancy.

4(d)	

Question 22 (Answer: **B**)

- The labour force survey counts someone as unemployed only if they meet three tests.
- They must be without work, *available* to start, and *actively seeking* it.
- Someone not looking for work is outside the labour force, not unemployed.

Question 23 (Answer: **B**)

- Frictional unemployment is the short-term unemployment of people between jobs.
- A school leaver searching for a first job is exactly that.
- It is neither cyclical (demand deficiency) nor structural (skills mismatch).

Question 20 (Answer: **B**)

- Compare each sector's employment between the two years.
- A falling share in one sector with a rising share in another shows structural change.
- Work out the *proportions*, not just the absolute numbers, since the total may have changed.

Question 21 (Answer: **C**)

- Cyclical unemployment is caused by a fall in aggregate demand during a downturn.
- It is temporary and reverses as the economy recovers.
- A *permanent* fall in demand for an industry's labour is structural unemployment instead.

2(d)	**Discuss whether or not free trade will increase economic growth.** In assessing each answer, use the table opposite. Why it might: • may enable countries to specialise on what they are best at producing • higher competition may increase productivity and lower costs of production, increasing demand for their products • may enable firms to buy raw materials and capital goods at a lower price • may give firms access to larger markets, enabling them to expand output. Why it might not: • may prevent infant industry from growing • may speed up the closure of declining industries • may replace domestic output with imports • may reduce tax revenue • firms may gain monopoly power and may restrict output • firms may engage in unfair competition e.g. dumping.	**8**	

Level	**Description**
3	A reasoned discussion which accurately examines both sides of the economic argument, making use of economic information and clear and logical analysis to evaluate economic issues and situations. One side of the argument may have more depth than the other, but overall both sides of the argument are considered and developed. There is thoughtful evaluation of economic concepts, terminology, information and / or data appropriate to the question. The discussion may also point out the possible uncertainties of alternative decisions and outcomes.