

# MARKING GUIDELINE

NATIONAL CERTIFICATE
ECONOMICS N5

24 November 2021

This marking guideline consists of 8 pages.

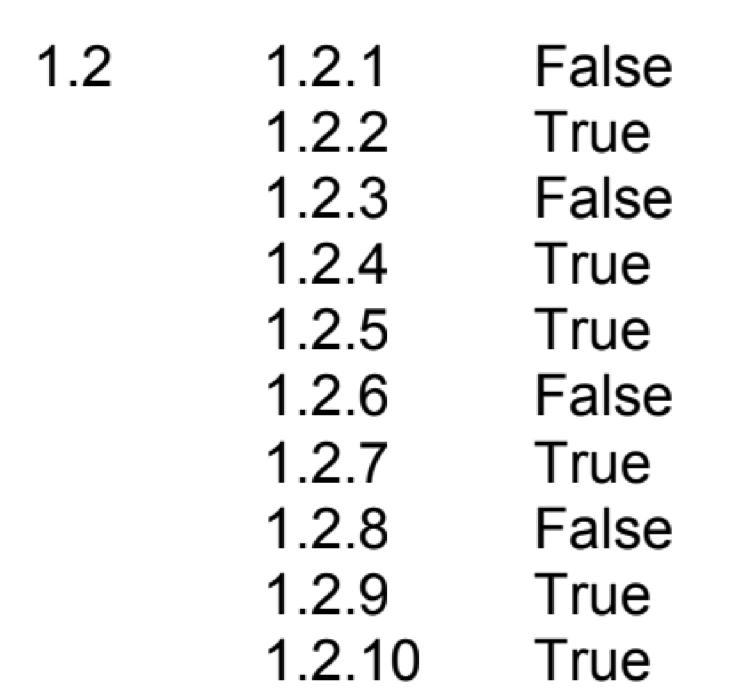
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#### -2-**ECONOMICS N5**

## **SECTION A (COMPULSORY)**

#### **QUESTION 1**

1.1	1.1.1	В
	1.1.2	В
	1.1.3	В
	1.1.4	С
	1.1.5	В
	1.1.6	С
	1.1.7	В
	1.1.8	С
	1.1.9	D
	1.1.10	Α





 $(10 \times 2)$ 

**TOTAL SECTION A:** 

(20)

**50** 

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#### **SECTION B**

### **QUESTION 2**

2.1	2.1.1	Inflation is a sustained increase in the general price level over an extended period of time.	(2)
	2.1.2	<ul> <li>Demand-pull inflation: When demand is greater than supply</li> <li>Cost-push inflation: When cost of production rises</li> <li>Stagflation: Condition in which high rates of unemployment and of inflation occur at the same time</li> <li>Creeping inflation: A moderate inflation rate over a relatively long period advancing at a reasonably even speed (Any 2 × 3)</li> </ul>	(6)
	2.1.3	<ul> <li>Goods of that country becoming more internationally competitive increasing exports and growth</li> <li>Increased rates of return for savers</li> <li>Improved confidence, encouraging firms to invest and boost long-term economic growth</li> <li>Increased disposable incomes (if nominal wage growth is constant)</li> </ul>	(4)
2.2	2.2.1	National income at factor cost = wages + rent + interest + profit ✓ = 5 673 + 1 934 + 4 739 + 5 892 ✓ = 18 238 billion ✓ ✓	(4)
	2.2.2	<ul> <li>Investing in technology infrastructure/research</li> <li>Encouraging new management techniques</li> <li>Improving quality/quantity of resources</li> <li>Promoting entrepreneurial activities</li> <li>Subsidising training schemes</li> <li>Subsidising research development</li> <li>Building new infrastructure (Any 4 × 2)</li> </ul>	(8)
	2.2.3	Domestic income is generated by all economic activities that occur within the boundaries of a country. National income is generated by all economic activities by residents of a country during a year.  (2 + 2)	(4)
	2.2.4	<ul> <li>Compare rates of interest before borrowing.</li> <li>Do not borrow more than you can repay.</li> <li>Check if there are penalties for late payments.</li> <li>Complete a cash budget to calculate affordability.</li> <li>Do not borrow if your job is insecure. (Any 2 × 2)</li> </ul>	(4)

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