Two original data-response cases in the shape the paper uses: an extract, then questions rising from definition to evaluation. Figures are illustrative, chosen so the economics works.

Case 1 – A minimum wage

EXTRACT. In 2024 the government of Delta introduced a national minimum wage of $6 an hour, above the $5 previously paid in retail and catering. In the following year, average pay in those industries rose 14%, employment in them fell 3%, and the number of people looking for work in the sector rose. Consumer prices in cafés rose 5%. Government income-support payments fell by $120 million.

Define a minimum wage. [2]

A minimum wage is a legally enforced lowest hourly rate that employers may pay. It is a price floor in the labour market, and it has an effect only when set ABOVE the market equilibrium wage.

Commentary: One mark for the legal minimum, one for the price-floor idea. The 'above equilibrium' clause is what shows understanding rather than recall.

Using a diagram, explain why a minimum wage may cause unemployment. [4]

On a labour-market diagram with wage on the vertical axis and quantity of labour on the horizontal, a minimum wage set above equilibrium at W_1 raises the quantity of labour supplied to Q_s and reduces the quantity demanded to Q_d. The excess supply Q_s − Q_d is unemployment. The data are consistent with this: employment fell 3% while the number seeking work rose.

Commentary: Axes and both quantities labelled – the first mark, and it is free.

Commentary: Referring back to the extract's own figures converts an explanation into an application.

Discuss whether the minimum wage benefited Delta's economy. [8]

It benefited those who kept their jobs: pay in the affected industries rose 14%, which raises living standards and, since low-income households spend a high proportion of income, supports consumption. Government finances improved, with income-support payments $120 million lower. Against this, employment fell 3%, so some workers lost income entirely, and café prices rose 5%, which erodes the real value of the pay rise and falls hardest on low-income consumers. Whether the policy benefited the economy depends on the size of the employment loss relative to the gain: a 3% fall against a 14% pay rise suggests the gains outweighed the losses in aggregate, but the losses were concentrated on the least skilled, so the distributional effect is worse than the total suggests.

Commentary: Both sides use the extract's numbers, not general theory.

Commentary: The judgement names its criterion – the size of the employment loss against the pay gain – and then qualifies it with distribution, which is the top-band move.

Case 2 – A tariff on imported steel

EXTRACT. Delta imposed a 20% tariff on imported steel to protect its two domestic producers, which employ 8,000 people. Domestic steel output rose 11%. The price of steel to Delta's manufacturers rose 9%, and its car industry, employing 30,000, reported falling export orders. Tariff revenue was $85 million.

Explain one reason a government may impose a tariff. [3]

A government may impose a tariff to protect an infant or declining domestic industry. The tariff raises the price of imports, so domestic producers can sell at a higher price than the world price and expand output – in Delta's case domestic steel output rose 11% – which preserves employment in that industry.

Commentary: The reason, the mechanism and the evidence. A reason with no mechanism earns one mark of three.

Discuss whether the tariff was in Delta's interest. [8]

In favour: domestic steel output rose 11% and 8,000 jobs were protected, and the government collected $85 million in revenue. Against: steel is an input, so the 9% price rise raised costs for the car industry, which employs nearly four times as many people and reported falling export orders – the protection of one industry has been paid for by a larger one. Consumers also face higher prices for goods containing steel. On balance the tariff was not in Delta's interest, because the employment protected is far smaller than the employment placed at risk downstream; the conclusion would change only if the steel industry's decline were temporary and the protection time-limited.

Commentary: Recognising steel as an INPUT is the analytical move the question is built around; an answer treating it as a final good cannot reach the top band.

Commentary: The judgement compares the two employment figures rather than asserting a preference, and names the condition that would reverse it.