

OXFORD

INTERNATIONAL  
AQA EXAMINATIONS

# INTERNATIONAL A-LEVEL ECONOMICS

(9640)

Mark scheme

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Unit 4: Economic development and the global economy

Specimen 1 2019

Mark schemes are prepared by the lead assessment writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same, correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the lead examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

# International A-Level Economics mark scheme

## How to mark

### Aims

When you are marking your allocation of scripts your main aims should be to:

- recognise and identify the achievements of students
- place students in the appropriate mark band and in the appropriate part of that mark band (high, low, middle)
- record your judgements with brief notes, annotations and comments that are relevant to the mark scheme and make it clear to other examiners how you have arrived at the numerical mark awarded
- put into a rank order the achievements of students (not to grade them – that is done later using the rank order that your marking has produced)
- ensure comparability of assessment for all students, regardless of question or examiner.

### Approach

It is important to be **open-minded** and **positive** when marking scripts.

The specification recognises the variety of experiences and knowledge that students will have. It encourages them to study economics in a way that is relevant to them. The questions have been designed to give them opportunities to discuss what they have found out about economics. It is important to assess the quality of **what the student offers**.

### Assessment Objectives

This component requires students to:

AO1	Demonstrate knowledge of terms/concepts and theories/models to show an understanding of the behaviour of economic agents and how they are affected by and respond to economic issues.
AO2	Apply knowledge and understanding to various economic contexts to show how economic agents are affected by and respond to economic issues.
AO3	Analyse issues within economics, showing an understanding of their impact on economic agents.
AO4	Evaluate economic arguments and use qualitative and quantitative evidence to support informed judgements relating to economic issues.

### The marking grids

The marking grids cover all the Assessment Objectives indicated as being assessed in each question, followed by the indicative content for individual tasks. These have been designed to allow assessment of the range of knowledge, understanding and skills that the specification demands.

The indicative content gives examples of the kind of things students might cover in their responses. They are neither exhaustive nor required – they are simply indicative of what could appear. Other valid content presented in student responses should always be credited.

## Using the grids

These levels of response mark schemes are broken down into levels, each of which has descriptors. The descriptors in each level show the performance characteristics of the level. There are the same number of marks in each level. The number of marks per level varies depending upon the total number of marks allocated to the question.

Having familiarised yourself with the descriptors and indicative content, read through the answer and annotate it to identify the qualities that are being looked for and that it shows. You can now check the levels and award a mark.

### Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptors for that level. The descriptors for the level indicate the different qualities that might be seen in the student's answer for that level.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as in the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level; eg if the response fulfils most but not all of level 3 with a small amount of level 4 material, it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

### Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark.

It is often best to start in the middle of the level's mark range and then check and adjust.

The exemplar materials used during standardisation should be referred to. There will be an answer in the standardising materials that will correspond with each level of the mark scheme. This answer will have been awarded a mark by the lead examiner. You can compare the student's answer with the example to determine if it is of the same standard, better or worse. You can then use this to allocate a mark for the answer based on the lead examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

An answer that contains nothing of relevance to the question must be awarded no marks.

Examiners are required to assign each of the students' responses to the most appropriate level according to its overall quality, then allocate a single mark within the level. When deciding upon a mark in a level examiners should bear in mind the relative weightings of the Assessment Objectives and be careful not to over/under credit a particular skill. For example, in question 13 more weight should be given to AO3 than to AO1 and AO2. This will be exemplified and reinforced as part of examiner training.

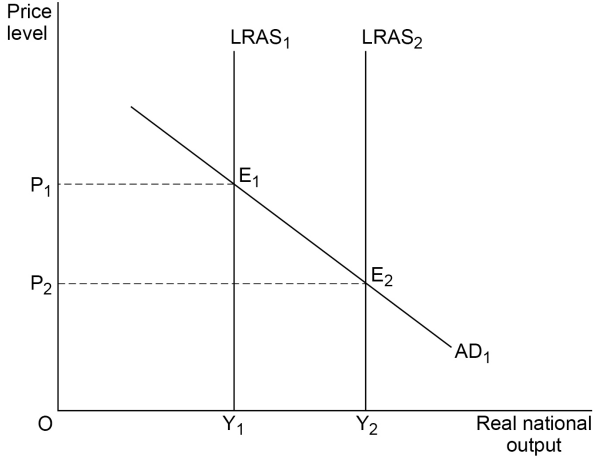
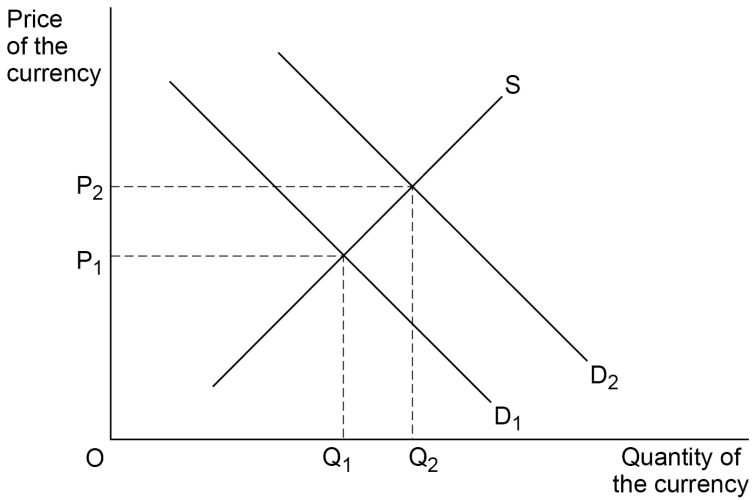
## Annotating scripts

Annotating scripts will help you with making accurate judgements and it will help any subsequent markers to identify how you are thinking. Please do not write negative comments about students' work; this is unprofessional and it impedes a positive marking approach.

Section A

Total for this section: 10 marks

Question	Part	Marking guidance	Total marks												
01		<p><b>A feature of a customs union but not a free trade area</b></p> <p>Answer: A (A common external tariff on imports)</p>	<p>1</p> <p>AO1=1</p>												
02		<p><b>A country has a deficit on its balance of payments when</b></p> <p>Answer: D (the value of imports is greater than the value of exports)</p>	<p>1</p> <p>AO1=1</p>												
03		<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Country X</th> <th>Country Y</th> </tr> </thead> <tbody> <tr> <td>HDI</td> <td>0.84</td> <td>0.75</td> </tr> <tr> <td>IHDI</td> <td>0.73</td> <td>0.70</td> </tr> </tbody> </table> <p><b>From the information in the table, it can be concluded that country X has</b></p> <p>Answer: A (greater degree of inequality than Country Y.)</p>		Country X	Country Y	HDI	0.84	0.75	IHDI	0.73	0.70	<p>1</p> <p>AO2=1</p>			
	Country X	Country Y													
HDI	0.84	0.75													
IHDI	0.73	0.70													
04		<p><b>To reduce the risks that result from commercial banks borrowing short term and lending long term, the central bank could require commercial banks to</b></p> <p>Answer: A (increase their capital ratio.)</p>	<p>1</p> <p>AO1=1</p>												
05		<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Real GDP (\$bn)</td> <td>213</td> <td>215</td> <td>245</td> <td>256</td> <td>271</td> </tr> </tbody> </table> <p><b>If the figures were converted to index form with 2016 as the base year, what would be the value of the index (to the nearest whole number) in 2019?</b></p> <p>Answer: C (126)</p>	Year	2015	2016	2017	2018	2019	Real GDP (\$bn)	213	215	245	256	271	<p>1</p> <p>AO2=1</p>
Year	2015	2016	2017	2018	2019										
Real GDP (\$bn)	213	215	245	256	271										
06		<p><b>To promote economic development, the government of a country has helped firms increase exports. The value of the marginal propensity to consume in the country is 0.4. Which of the following changes in the country's national income would result from an increase in exports of £30bn?</b></p> <p>Answer: C (£50bn)</p>	<p>1</p> <p>AO2=1</p>												

Question	Part	Marking guidance	Total marks																		
07		 <p><b>Most likely to move the economy from its initial equilibrium at E<sub>1</sub> to a new equilibrium at E<sub>2</sub></b></p> <p>Answer: B (An increase in labour productivity)</p>	<p><b>1</b></p> <p><b>AO2=1</b></p>																		
08		<table border="1" data-bbox="384 969 1286 1077"> <thead> <tr> <th>Year</th> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Index of export prices</td> <td>115</td> <td>105</td> <td>100</td> <td>120</td> <td>110</td> </tr> <tr> <td>Index of import prices</td> <td>124</td> <td>108</td> <td>100</td> <td>108</td> <td>105</td> </tr> </tbody> </table> <p><b>The country's terms of trade</b></p> <p>Answer: C (improved between 2015 and 2016)</p>	Year	2015	2016	2017	2018	2019	Index of export prices	115	105	100	120	110	Index of import prices	124	108	100	108	105	<p><b>1</b></p> <p><b>AO2=1</b></p>
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Index of export prices	115	105	100	120	110																
Index of import prices	124	108	100	108	105																
09		 <p><b>Most likely to increase the demand for the country's currency and raise its price from P<sub>1</sub> to P<sub>2</sub></b></p> <p>Answer: A (An increase in foreign direct investment in the country)</p>	<p><b>1</b></p> <p><b>AO3=1</b></p>																		
10		<p><b>A market-based strategy to promote development</b></p> <p>Answer: D (Trade liberalisation)</p>	<p><b>1</b></p> <p><b>AO1=1</b></p>																		

## Section B

Total for this section: 10 marks

Question	Part	Marking guidance	Total marks
11	1	<p><b>Define 'comparative advantage'.</b></p> <p><b>A full and precise definition is given (2 marks)</b></p> <p>Examples of acceptable definitions worth 2 marks:</p> <ul style="list-style-type: none"> <li>• when the opportunity cost of producing the good is lower than the opportunity cost of producing the same good in another country</li> <li>• when a country has a lower opportunity cost of production</li> <li>• when it is relatively cheaper to produce the product in one country compared to another.</li> </ul> <p><b>The substantive content of the definition is correct, but there may be some imprecision or inaccuracy (1 mark)</b></p> <p>Examples of definitions worth 1 mark:</p> <ul style="list-style-type: none"> <li>• when the opportunity cost of production differs between countries</li> <li>• when one country is more efficient than another at producing a product.</li> </ul>	<p><b>2</b></p> <p><b>AO1=2</b></p>

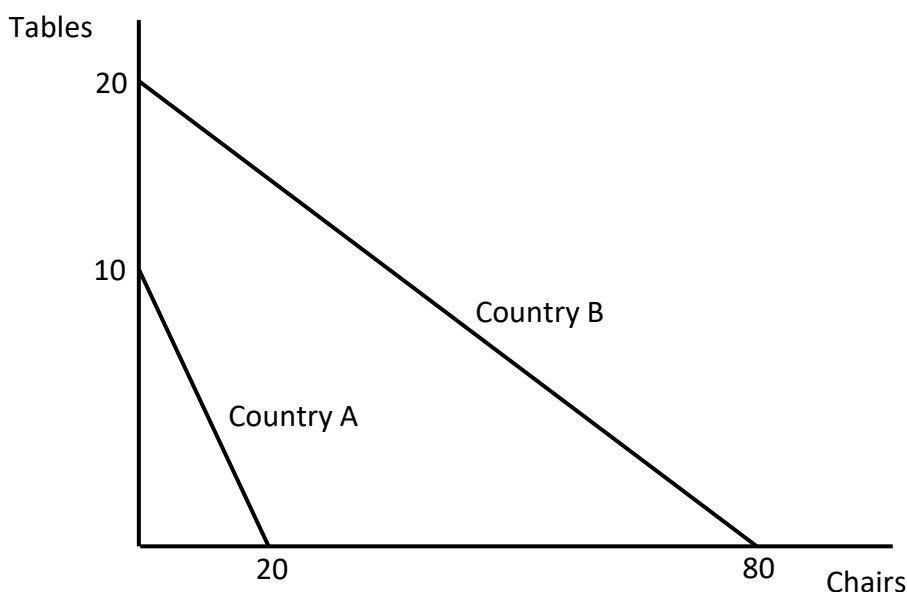
Question	Part	Marking guidance	Total marks										
11	2	<p><b>If the two countries agree a terms of trade whereby 1 table is exchanged for 3 chairs, using the figures, explain why country B will benefit from trade.</b></p> <table border="1" data-bbox="368 414 1273 981"> <thead> <tr> <th data-bbox="368 414 1123 506">Response</th> <th data-bbox="1123 414 1273 506">Max 4 marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="368 506 1123 598">For a full and accurate explanation of why country B will benefit from trade</td> <td data-bbox="1123 506 1273 598">4 marks</td> </tr> <tr> <td data-bbox="368 598 1123 689">For a partial/incomplete explanation of why country B will benefit from trade</td> <td data-bbox="1123 598 1273 689">3 marks</td> </tr> <tr> <td data-bbox="368 689 1123 781">For explaining why country B has a comparative advantage in chairs</td> <td data-bbox="1123 689 1273 781">2 marks</td> </tr> <tr> <td data-bbox="368 781 1123 981">                     For stating country B has a comparative advantage in chairs  <b>OR</b>                      For stating country B will export chairs and import tables                 </td> <td data-bbox="1123 781 1273 981">1 mark</td> </tr> </tbody> </table> <p><b>Possible links in the chain of reasoning include:</b></p> <ul data-bbox="347 1070 1273 1496" style="list-style-type: none"> <li>• country B has a comparative advantage in chairs (lower OC ratio: to produce 1 chair it has to sacrifice 1/4 table, whereas country has to sacrifice 1/2 table to produce a chair)</li> <li>• therefore country B will export tables and import chairs from country A</li> <li>• domestically, if it wants to produce a table it will have to give up producing 4 chairs, whereas if it produces the 4 chairs and trades with country A it will only have to sacrifice 3 chairs for each table it imports</li> <li>• hence country B gains 1 chair for each table it imports through trading with country A.</li> </ul>	Response	Max 4 marks	For a full and accurate explanation of why country B will benefit from trade	4 marks	For a partial/incomplete explanation of why country B will benefit from trade	3 marks	For explaining why country B has a comparative advantage in chairs	2 marks	For stating country B has a comparative advantage in chairs <b>OR</b> For stating country B will export chairs and import tables	1 mark	4 AO1=2 AO2=2
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Question	Part	Marking guidance	Total marks										
11	3	<p>If each country has 10 bundles of resources that can be used to produce either chairs or tables, draw a diagram that shows the production possibility boundary for each country. The diagram must be labelled to show the maximum number of chairs and tables that could be produced by each country if they use all their resources to make either chairs or tables.</p> <table border="1"> <thead> <tr> <th>Response</th> <th>Max 4 marks</th> </tr> </thead> <tbody> <tr> <td>Accurately drawn diagram showing the correct figures on the horizontal and vertical axes with both axes and both curves labelled correctly</td> <td>4 marks</td> </tr> <tr> <td>Accurately drawn diagram showing the correct figures on the horizontal and vertical axes but with one label (axis or curve) missing or incorrect</td> <td>3 marks</td> </tr> <tr> <td>Accurately drawn diagram showing the correct figures on the horizontal and vertical axes but with two labels (axis or curve) missing or incorrect <b>OR</b> A diagram that includes two straight-line production possibility boundaries but one of the figures on the horizontal or vertical axes is incorrect. Both axes and curves are labelled correctly.</td> <td>2 marks</td> </tr> <tr> <td>A diagram that includes two straight-line production possibility boundaries but two or more of the figures on the horizontal or vertical axes are incorrect. Both axes and curves are labelled correctly.</td> <td>1 mark</td> </tr> </tbody> </table>	Response	Max 4 marks	Accurately drawn diagram showing the correct figures on the horizontal and vertical axes with both axes and both curves labelled correctly	4 marks	Accurately drawn diagram showing the correct figures on the horizontal and vertical axes but with one label (axis or curve) missing or incorrect	3 marks	Accurately drawn diagram showing the correct figures on the horizontal and vertical axes but with two labels (axis or curve) missing or incorrect <b>OR</b> A diagram that includes two straight-line production possibility boundaries but one of the figures on the horizontal or vertical axes is incorrect. Both axes and curves are labelled correctly.	2 marks	A diagram that includes two straight-line production possibility boundaries but two or more of the figures on the horizontal or vertical axes are incorrect. Both axes and curves are labelled correctly.	1 mark	4 AO2=4
Response	Max 4 marks												
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**Indicative content:**

The expected diagram is as follows:



**Acceptable labels include:**

Horizontal axis: Quantity/number of chairs (or tables), Chairs/Tables

Vertical axis: Quantity/number of tables (or chairs), Tables/Chairs

**MAXIMUM FOR QUESTION 11: 10 MARKS**

Section C

Total for this section: 45 marks

Question	Part	Marking guidance	Total marks
12	1	<b>Explain why the value of the Brazilian Real is likely to affect Brazil's balance of trade in goods and services.</b>	<b>4</b> AO1=1 AO2=1 AO3=2

Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the assessment objectives in this question.

Level	Marks	Descriptor
2	3–4	<ul style="list-style-type: none"> <li>shows sound knowledge and understanding of relevant economic terminology, concepts and principles</li> <li>includes reasonable application of relevant economic principles to support the response</li> <li>includes well-focused analysis with a clear, logical chain of reasoning</li> </ul>
1	1–2	<ul style="list-style-type: none"> <li>shows some limited knowledge and understanding of relevant economic terminology, concepts and principles</li> <li>may include some application of relevant economic principles to the question</li> <li>may include some attempted analysis but the analysis is not adequately developed and/or may be confused</li> </ul>
	0	No creditworthy material

**Indicative content:**

- definition of balance of trade
- difference between a surplus and deficit on the balance of trade
- explanation of the link between changes in the exchange rate and the foreign currency price of exports
- explanation of the link between changes in the exchange rate and the domestic price of imports
- explanation of relationship between changes in the prices of exports and imports and the volumes and values of exports and imports
- explain that a fall in the value of the Real should make Brazilian products more competitive in both the home and export markets and hence should lead to an improvement in the balance of trade, and/or vice versa
- explanation of the significance of the PEDs for exports and imports.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
12	2	To what extent do the data suggest that the value of the Real has affected Brazil's balance of trade in goods and services between 2012 and 2018? Use the data in Extract A to support your answer.	4 AO1=1 AO2=1 AO4=2

Examiners are reminded that AO1, AO2 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the assessment objectives in this question.

Level	Marks	Descriptor
2	3–4	<ul style="list-style-type: none"> <li>includes sound evidence that indicates the extent to which the value of the Real has affected Brazil's balance of trade in goods and services</li> <li>includes a supported judgement concerning the extent to which changes in value of the Real has affected Brazil's balance of trade in goods and services</li> </ul>
1	1–2	<ul style="list-style-type: none"> <li>includes some limited evidence that indicates the extent to which the value of the Real has affected Brazil's balance of trade in goods and services</li> <li>may attempt a judgement concerning the extent to which changes in changes in value of the Real has affected Brazil's balance of trade in goods and services but this is not adequately supported by the data</li> </ul>
	0	No creditworthy material.

#### Indicative content:

- between 2012 and 2016 the value of the Real fell from around 1.8 real to the US\$ to just over 4 Real to the US\$ but between 2012 and 2014 the balance of trade deficit increased from \$22 749 million to \$54 736 million. However the balance of trade then improved reaching a surplus of £14 590 million in 2016, lending some support to the view that a fall in the exchange leads to an improvement in the balance of trade
- between the start of 2016 and 2018, the Real strengthened from just over 4 Real to the US\$ to around 3.25 Real per US\$. Initially the balance of trade continued to improve but deteriorated again in 2018 when the surplus fell from \$30 178 million to \$19 637 million
- consideration of time lags between changes in the exchange rate and the impact on the balance of trade
- over the whole period, the value of the Real fell from 1.8 Real to the US\$ to around 4 Real per US\$ whilst the balance of trade improved from a deficit of \$22 749 million to a surplus of \$19 637 million, supporting the view that a fall in the exchange helps to improve the balance of trade.

Candidates are likely to conclude there is some evidence to support the view that a fall in the value of the Real leads to an improvement in the balance of trade, perhaps with a time lag.

Candidates can be rewarded for recognising that other factors are likely to be affecting the balance of trade, but this is not required for full marks.

Credit valid alternative content.

**MAXIMUM FOR QUESTION 12: 8 MARKS**

Question	Part	Marking guidance	Total marks
13		<p><b>Extract B (line 8) states: ‘Investment in Brazil has remained low’.</b></p> <p><b>Explain factors that may have affected the level of investment in Brazil in recent years.</b></p>	<p><b>12</b></p> <p><b>AO1=3</b> <b>AO2=3</b> <b>AO3=6</b></p>

Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. More weight should therefore be given to AO3 than AO1 and AO2.

Level	Marks	Descriptor
3	9–12	<ul style="list-style-type: none"> <li>is well organised and develops one or more of the key issues that are relevant to the question</li> <li>shows sound knowledge and understanding of relevant economic terminology, concepts and principles</li> <li>includes good application of relevant economic principles and/or good use of data to support the response</li> <li>includes well-focused analysis with a clear, logical chain of reasoning</li> <li>may include a relevant diagram that is accurate and used appropriately to support their explanation.</li> </ul>
2	5–8	<ul style="list-style-type: none"> <li>includes one or more issues that are relevant to the question</li> <li>shows reasonable knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present</li> <li>includes reasonable application of relevant economic principles and/or data to the question</li> <li>includes some reasonable analysis but it might not be adequately developed and may be confused in places</li> <li>may include a relevant diagram to support their explanation.</li> </ul>
1	1–4	<ul style="list-style-type: none"> <li>is very brief and/or lacks coherence</li> <li>shows some limited knowledge and understanding of economic terminology, concepts and principles but some errors are likely</li> <li>demonstrates very limited ability to apply relevant economic principles and/or data to the question</li> <li>may include some very limited analysis but the analysis lacks focus and/or becomes confused</li> <li>may include a diagram but the diagram is likely to be inaccurate in some respects or is inappropriate.</li> </ul>
	0	No creditworthy material

#### Indicative content:

- definition of investment
- distinction between public and private sector investment
- explanation of why the existence of spare capacity may have reduced investment
- explanation of why business confidence may have dampened investment expenditure
- explanation of why the recession and expectations of low growth may have reduced investment
- explanation of the accelerator theory and how it relates to low investment in Brazil
- explanation of why deteriorating public finances may have resulted in a fall in public sector investment
- the importance of FDI – evidence from the extracts suggest that this may have prevented investment in Brazil falling even further.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
14		<p><b>Extract C (lines 5-6) states: ‘since 2015, the pace of poverty and inequality reduction has stagnated’.</b></p> <p><b>Evaluate policies the Brazilian government might adopt to develop its economy to improve the wellbeing of its people.</b></p>	<p><b>25</b></p> <p><b>AO1=4</b>  <b>AO2=3</b>  <b>AO3=9</b>  <b>AO4=9</b></p>

Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question. More weight should therefore be given to AO4 and AO3 than AO1 and AO2.

Level	Marks	Descriptor
5	21–25	<p><b>Sound, focused analysis and well-supported evaluation that:</b></p> <ul style="list-style-type: none"> <li>• is well organised, showing sound knowledge and understanding of economic terminology, concepts and principles with few, if any, errors</li> <li>• includes good application of relevant economic principles to the given context and, where appropriate, good use of data to support the response</li> <li>• includes well-focused analysis with clear, logical chains of reasoning</li> <li>• includes supported evaluation throughout the response and in a final conclusion.</li> </ul>
4	16–20	<p><b>Sound, focused analysis and some supported evaluation that:</b></p> <ul style="list-style-type: none"> <li>• is organised, showing sound knowledge and understanding of economic terminology, concepts and principles but some minor errors may be present</li> <li>• includes some good application of relevant economic principles to the given context and, where appropriate, some good use of data to support the response</li> <li>• includes some well-focused analysis with clear, logical chains of reasoning</li> <li>• includes some reasonable, supported evaluation.</li> </ul>
3	11–15	<p><b>Some reasonable analysis but generally unsupported evaluation that:</b></p> <ul style="list-style-type: none"> <li>• focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present</li> <li>• includes reasonable application of relevant economic principles to the given context and, where appropriate, some use of data to support the response</li> <li>• includes some reasonable analysis but which might not be adequately developed or becomes confused in places</li> <li>• includes fairly superficial evaluation; there is likely to be some attempt to make relevant judgements but these aren't well-supported by arguments and/or data.</li> </ul>
2	6–10	<p><b>A fairly weak response with some understanding that:</b></p> <ul style="list-style-type: none"> <li>• includes some limited knowledge and understanding of economic terminology, concepts and principles is shown but some errors are likely</li> <li>• includes some limited application of relevant economic principles to the given context and/or data to the question</li> <li>• includes some limited analysis but it may lack focus and/or become confused</li> <li>• includes some evaluation which is weak and unsupported.</li> </ul>
1	1–5	<p><b>A very weak response that:</b></p> <ul style="list-style-type: none"> <li>• includes little relevant knowledge and understanding of economic terminology, concepts and principles</li> <li>• includes application to the given context which is, at best, very weak</li> <li>• includes attempted analysis which is weak and unsupported.</li> </ul>
	0	No creditworthy material

**Indicative content:**

- explanation of what is meant by development and the wellbeing of the population
- the link between economic growth and development
- the impact of the recession and subsequent low growth on development and the wellbeing of the population
- unemployment, development and wellbeing
- inequality, development and wellbeing
- how education and the standard of healthcare affect development and wellbeing
- the quality of infrastructure and its impact on development and wellbeing
- policies that might be adopted by the Brazilian government to develop the economy and improve the wellbeing of the population include:
  - creating a climate in which business can flourish – alternative approaches may be considered
  - stabilising public finances and the exchange rate
  - investing in infrastructure
  - promoting FDI
  - measures to improve competitiveness
  - increased spending on education and training
  - increased spending on health care
  - measures to reduce inequality and improve opportunities for all parts of society
  - reducing barriers to trade to increase competition and stimulate improvements in productivity
  - selective restrictions on imports and government support to develop key industries
  - monetary and fiscal measures to increase AD and reduce unemployment
  - labour market reforms
  - tax reforms
  - other supply-side policies
  - measures to reduce pollution and improve the natural environment
- the constraints imposed by the large budget deficit and the growing national debt
- interventionist versus free-market policies
- arguments relating to government failure
- economic shocks that may affect the success of the various policies
- the benefits (and possible problems) derived from the country's abundant natural resources.

The use of relevant diagrams to support the analysis should be taken into account when assessing the quality of the candidate's response to the question.

Credit valid alternative content.

## Section D

Total for this section: 25 marks

Question	Part	Marking guidance	Total marks
15		<p><b>Copper mining is vital for the health of Zambia's economy; it accounts for 85% of the country's exports. Concerns remain that the economy is not diversified enough to cope with a collapse in the world market price of copper.</b></p> <p><b>Assess the effects of fluctuations in the price of a primary commodity, such as copper, for the economy of a country that derives a high proportion of its export earnings from the sale of a single primary commodity.</b></p>	<p><b>25</b></p> <p><b>AO1=4</b> <b>AO2=3</b> <b>AO3=9</b> <b>AO4=9</b></p>

Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question. More weight should therefore be given to AO4 and AO3 than AO1 and AO2.

Level	Marks	Descriptor
5	21–25	<p><b>Sound, focused analysis and well-supported evaluation that:</b></p> <ul style="list-style-type: none"> <li>• is well organised, showing sound knowledge and understanding of economic terminology, concepts and principles with few, if any, errors</li> <li>• includes good application of relevant economic principles to the given context and, where appropriate, good use of data to support the response</li> <li>• includes well-focused analysis with clear, logical chains of reasoning</li> <li>• includes supported evaluation throughout the response and in a final conclusion.</li> </ul>
4	16–20	<p><b>Sound, focused analysis and some supported evaluation that:</b></p> <ul style="list-style-type: none"> <li>• is organised, showing sound knowledge and understanding of economic terminology, concepts and principles but some minor errors may be present</li> <li>• includes some good application of relevant economic principles to the given context and, where appropriate, some good use of data to support the response</li> <li>• includes some well-focused analysis with clear, logical chains of reasoning</li> <li>• includes some reasonable, supported evaluation.</li> </ul>
3	11–15	<p><b>Some reasonable analysis but generally unsupported evaluation that:</b></p> <ul style="list-style-type: none"> <li>• focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present</li> <li>• includes reasonable application of relevant economic principles to the given context and, where appropriate, some use of data to support the response</li> <li>• includes some reasonable analysis but which might not be adequately developed or becomes confused in places</li> <li>• includes fairly superficial evaluation; there is likely to be some attempt to make relevant judgements but these aren't well-supported by arguments and/or data.</li> </ul>
2	6–10	<p><b>A fairly weak response with some understanding that:</b></p> <ul style="list-style-type: none"> <li>• includes some limited knowledge and understanding of economic terminology, concepts and principles is shown but some errors are likely</li> <li>• includes some limited application of relevant economic principles to the given context and/or data to the question</li> <li>• includes some limited analysis but it may lack focus and/or become confused</li> <li>• includes some evaluation which is weak and unsupported.</li> </ul>
1	1–5	<p><b>A very weak response that:</b></p>



Level	Marks	Descriptor
		<ul style="list-style-type: none"> <li>• includes little relevant knowledge and understanding of economic terminology, concepts and principles</li> <li>• includes application to the given context which is, at best, very weak</li> <li>• includes attempted analysis which is weak and unsupported.</li> </ul>
	0	No creditworthy material

**Indicative content:**

- explanation of the determinants of primary commodity prices
- why primary products are subject to large price fluctuations, including inelastic PED and PES
- significance of fluctuations in primary product prices for the revenue earned
- effects on the producers of primary commodities when prices are both high and low
- impacts on employment and unemployment
- impacts on aggregate demand of fluctuations in export revenues
- impacts on the balance of payments
- effects on the exchange rate and its consequences for the macroeconomy
- impact of fluctuations in the exchange rate on other sectors of the economy
- impact on the terms of trade
- possible effects of the above for inflation
- consequences for foreign currency earnings and ability to finance imports
- impact on levels of overseas debt
- effects on FDI
- possible effects on tax revenues and the government's budget balance
- consequences for the country's development programmes.

The use of relevant diagrams to support the analysis should be taken into account when assessing the quality of the candidate's response to the question.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
16		<p><b>Globalisation of the world economy has resulted from improvements in transport and communication, leading to the growth in world trade, international capital flows and migration.</b></p> <p><b>Discuss the costs and benefits of globalisation for a country of your choice.</b></p>	<p><b>25</b></p> <p>AO1=4 AO2=3 AO3=9 AO4=9</p>

Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question. More weight should therefore be given to AO4 and AO3 than AO1 and AO2.

Level	Marks	Descriptor
5	21–25	<p><b>Sound, focused analysis and well-supported evaluation that:</b></p> <ul style="list-style-type: none"> <li>• is well organised, showing sound knowledge and understanding of economic terminology, concepts and principles with few, if any, errors</li> <li>• includes good application of relevant economic principles to the given context and, where appropriate, good use of data to support the response</li> <li>• includes well-focused analysis with clear, logical chains of reasoning</li> <li>• includes supported evaluation throughout the response and in a final conclusion.</li> </ul>
4	16–20	<p><b>Sound, focused analysis and some supported evaluation that:</b></p> <ul style="list-style-type: none"> <li>• is organised, showing sound knowledge and understanding of economic terminology, concepts and principles but some minor errors may be present</li> <li>• includes some good application of relevant economic principles to the given context and, where appropriate, some good use of data to support the response</li> <li>• includes some well-focused analysis with clear, logical chains of reasoning</li> <li>• includes some reasonable, supported evaluation.</li> </ul>
3	11–15	<p><b>Some reasonable analysis but generally unsupported evaluation that:</b></p> <ul style="list-style-type: none"> <li>• focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present</li> <li>• includes reasonable application of relevant economic principles to the given context and, where appropriate, some use of data to support the response</li> <li>• includes some reasonable analysis but which might not be adequately developed or becomes confused in places</li> <li>• includes fairly superficial evaluation; there is likely to be some attempt to make relevant judgements but these aren't well-supported by arguments and/or data.</li> </ul>
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1	1–5	<p><b>A very weak response that:</b></p> <ul style="list-style-type: none"> <li>• includes little relevant knowledge and understanding of economic terminology, concepts and principles</li> <li>• includes application to the given context which is, at best, very weak</li> <li>• includes attempted analysis which is weak and unsupported.</li> </ul>

Level	Marks	Descriptor
	0	No creditworthy material

**Indicative content:**

- the characteristics of a globalised world economy
- the causes of globalisation
- the costs and benefits of the growth in the volume of international trade for the chosen country
- the benefits of trade as illustrated by the principle of comparative advantage
- ability to achieve economies of scale resulting from export opportunities
- more competition leading to efficiency, innovation and reduction in monopoly power
- destruction of some inefficient domestic producers
- structural unemployment
- may act as a barrier to diversification, stifling the growth of infant industries
- benefits of being able to import products from around the world
- benefits of a large world export market
- impacts of the growth of transnational corporations on the chosen country
- the impacts of enlarged FDI flows
- the consequences of the growth of other international capital flows, eg for the country's exchange rate
- ability to access overseas capital markets
- the consequences of technological changes that have facilitated globalisation
- the impact of technology transfers
- the impacts of the growth of international migration on the chosen country
- growing interdependence and the transmission of economic shocks from one part of the world economy to another
- vulnerability to problems in international financial markets
- environmental and social consequences
- impact on inequality and poverty in the chosen country
- overall impact on growth, development and living standards in the chosen country.

The use of relevant diagrams to support the analysis should be taken into account when assessing the quality of the candidate's response to the question.

Credit valid alternative content.

## Assessment Objective grid

	A01	A02	A03	A04	Total
<b>Section A</b>					
01	1				1
02	1				1
03		1			1
04	1				1
05		1			1
06		1			1
07		1			1
08		1			1
09			1		1
10	1				1
<b>Section B</b>					
11.1	2				2
11.2	2	2			4
11.3		4			4
<b>Section C</b>					
12.1	1	1	2		4
12.2	1	1		2	4
13	3	3	6		12
14	4	3	9	9	25
<b>Section D</b>					
15 and 16	4	3	9	9	25
<b>Unit total</b>	<b>21</b>	<b>22</b>	<b>27</b>	<b>20</b>	<b>90</b>



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