GradeMax



Mark Scheme (Results)

January 2017

Pearson Edexcel International
Advanced Subsidiary
in Economics (WEC04)
Paper 01 Developments in the Global
Economy



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January 2017
Publications Code WEC04_01_1701_MS
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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

****SECTION A: ESSAYS – PLEASE USE DETAILED MARKING CRITERIA WHICH ARE TO BE FOUND AT THE END OF THIS MARKSCHEME****

FOR ALL QUESTIONS: No mark schemes can cover all possible responses. Therefore reward analysis which is relevant to the question, even if this is not identified in the mark scheme

Question Number	Answer	Mark
1 (a)	Globalisation: increased economic interdependence between countries, e.g. increased trade as a % of GDP Understanding of how reduction in trade barriers has caused a decrease in transportation costs • Analyse the significance of falling transportation costs to globalisation e.g. ○ Transport / volume economies of scale – larger planes and ships reduce average transport cost ○ Technical efficiencies are demonstrated through "containerisation" in freight ships and lorries ○ Increase in fuel efficiency in the use of airplanes, ships and trains which reduce transport fuel cost ○ Better transport infrastructure across the world ○ Fall in recent oil and gas prices have meant lower transport costs and acceleration of globalisation *Other factors causing globalisation (may be regarded as evaluation or further analysis):* • Reduction in trade barriers linked to the work of WTO; application of law of comparative advantage • Increased significance of TNCs; offshoring/ outsourcing • Opening up of economies to world market e.g. China; collapse of communism • Reduction in communication costs e.g. internet • Increase in the number and size of trading blocs • Economic development in the LDCs, leading to more demand for foreign goods • Higher real incomes increasing the demand for imports	

	Other evaluative comments could include: • *Prioritisation of factors* • *Critical view of accuracy of measures of world GDP* • *Application of concepts such as income elasticity of demand and marginal propensity to import* • *Deglobalisation resulting from financial crisis* **NB Candidates may take either perspective as analysis and use reverse arguments for evaluation i.e. they can argue that a fall in transportation costs is or is not main cause of globalisation. There must be reference to transportation costs to get level 5.**	**(15)**

Question Number	Answer	Mark
1 (b)	Costs of globalisation include: • Over-dependence on imports leading to deterioration of the country's current account of Balance of Payments • Exploitation of labour; e.g. children and women, low wages and long working hours • Negative externalities from increased trade, for e.g. increased production or air freight causing pollution • Increase in consumption of non-renewable resources: will makes it harder for future generations to achieve sustainable economic growth • Increased inequality between developed economies and LEDCs; and within countries • Free movement of labour can cause excess pressure on housing and social services; brain drain • TNCs might engage in tax avoidance policies / transfer pricing causing reduction in tax revenues for governments • Increased risk of contagion, more susceptible to global economic crisis e.g. global economic crisis 2008 affecting countries who were highly reliant on exports • Displaced workers • Closing down of traditional industries Benefits of globalisation include: • Application of the law of comparative advantage: an explanation leading to specialisation, increased world output and higher living standards • Reduction in absolute poverty in the LEDCs who have experienced an increase in their real GDP • Consumers: Lower prices (increased consumer surplus); more choice and variety – increase consumer surplus and more allocative efficiency • Firms: Larger markets; benefits arising from different economies of scale leading to higher revenues/profits • Technology transfer and new managerial techniques • Increased tax revenues which could be used by the government for expenditure on public services • Labour migration reduce geographical inequality; e.g. in EU, Eastern European workers migrating west for work	

	• Increased competition: firms have incentive to increase productive efficiency (such as reducing production costs) • Trickle-down theory of development: greater output and income at the top will finally lead to more income and wealth for everyone ***Other evaluative comments could include:*** • *Conclusions based on a weighing up of the arguments* • *Assessment of the significance of the points considered* • *Prioritisation of the points made that are supported by reasoned arguments* **NB Candidates may take either perspective as analysis and use the reverse arguments for evaluation**	**(25)**

Question Number	Answer	Mark
2 (a)	• Rising national debts imply a fiscal deficit – caused by recessions in many countries *But it will be less of a concern if the fiscal deficits are cyclical rather than structural* • Rising national debts could lead to inflationary pressures *But Japan is experiencing disinflation and Greece deflation / inflation unlikely as debts were caused by recession following the financial crisis* • Higher interest payments represent a big cost to future generations: less money will be available for spending on social services; high opportunity cost of interest payments *But inflation might erode the real value of the debt* • A higher national debt implies increased interest payments – danger of financial crowding out *But interest rates are currently low, so this issue may not be significant* • Reduction in the country's credit rating and higher future borrowing costs *But it may not be an issue if the debt is financed internally* • Rising national debts might cause a loss of confidence in the currency causing fall in its value • Loss of confidence in markets leading to FDI fall ***Other evaluative comments could include:*** • *If the debt has been used to fund investment in health/education/infrastructure, the country might see long term benefits* • *If amount of borrowing increase is less than growth in the medium term each year, then the level of debt as a percentage of GDP will fall.*	

	NB Candidates may take either perspective as analysis and use reverse arguments for evaluation i.e. they can argue that national debt is or is not a cause of concern	**(15)**

Question Number	Answer	Mark
2 (b)	Understanding of marginal rate of income tax Possible impacts include – • Impact on incentives to work: could act as disincentive to take higher paid jobs and those inactive may be less willing to join the workforce; less overtime hours worked *But workers might work harder to maintain standard of living; extent of disincentive effects of higher tax rate* • Tax revenues/public finances: these might be expected to increase (reference to Laffer curve analysis) *But it depends at what rate of tax that tax revenues are maximised; reference to the Laffer curve analysis; also depends on overall impact on AD and economic growth* • Could cause an increase in tax evasion (illegal) and tax avoidance (legal) *But it depends on powers of tax authorities to collect taxes; extent of tax evasion and tax avoidance* • Might cause an increase in number of tax exiles *But income tax is not the only factor which influences a person's decision on where to live* • Increased income equality: the tax system is more progressive – so if the taxes collected are used to redistribute incomes to the poor, then inequality will be reduced *But depends on how tax revenues are used and whether other fiscal changes offset the impact of higher marginal tax rate*	

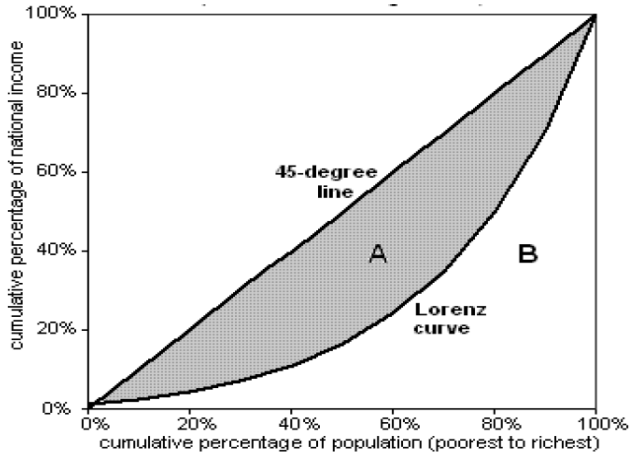
	• Impact on AD and growth, unemployment and inflation, and FDI flows – represented by AD/AS *But if savings are reduced to pay for the higher rate of tax, then the effects will be minimal* • Impact of the MRT on the size of the multiplier and consequent impact on GDP and government objectives. ***Other evaluative comments could include:*** • *Number and MPC of higher rate tax payers* • *Significance of impact on different sectors of the economy e.g. on financial services* • *Impact depends on where higher rate threshold is set* **NB Award a maximum of 20 marks (Level 4) if a candidate does not refer to a country or countries in their response.**	**(25)**

Question Number	Answer	Mark
3 (a)	Understanding of the term industrialisation *Case for industrialisation*: • Increase in national income as industrialisation makes possible the optimum utilisation of the scarce resources of the country - increases quantity and quality of various manufactured goods and make a big contribution to GDP through adding value to primary resources • The growth of industries has resulted in a large scale production of goods available to consumers at low prices - increases consumer surplus and quality of living • Creates job opportunities and raises incomes, leading to the removal of poverty to a great extent • Share of profits and savings ratio should increase as a proportion of GDP – funds for investment and growth • Provides economic stability; fluctuating demand of the agricultural raw materials hampers economic progress and leads to an unstable economy • The Lewis structural change (dual sector) model *Case against industrialisation*: • Gradual disappearance of natural resources, e.g. land to grow food is becoming scarce - forced to find new and innovative methods in growing crops / raising livestock • Increase in external costs – pollution, congestion, global warming; health issues; livestock close to extinction due to destruction of habitat • Exploitation of workers – including children and women; long working hours and poor working conditions • The gradual displacement of manpower in industries is ultimately leading to unemployment	

	• Large scale heavy industries lead to a sharp fall in the number of infant industries and eventually disappear • Deterioration of the quality of life due to urbanization that are more crowded than rural areas; leads to social problems for society, e.g. psychological disorders/crime • Not desirable if the country has a comparative advantage in primary products **NB Award a maximum of 12 marks (Level 4) if a candidate does not refer to a developing country or countries. Candidates should also consider case for and against on both growth and development in their response.**	**(15)**

Question Number	Answer	Mark
3 (b)	Possible benefits include: • Inflows into the Balance of Payments financial account • Long term improvement on the current account of Balance of Payments if exports rise (a rise in foreign currency earnings) • Economic growth - injection into the circular flow; AD/AS analysis and have multiplier effect on GDP • Increase in skills of the workforce if TNCs invest in training programmes • Increased employment in the host country • Development of new infrastructure by TNCs • New methods of production and working practices • Productivity and technology transfer • Increased tax revenue to government • Could help closing the countries savings gap and fiscal deficit ***Evaluation comments could include:*** • *Negative impact on the current account of Balance of Payments (repatriation of profits and dividends abroad)* • *Increased competition for domestic producers who may not be able to compete* • *Poorly paid employment and low skilled jobs if TNCs bring their own managers and skilled workers* • *Increased dependence of economy on decisions*	

	made by managers overseas. Significant if the investment is withdrawn in the future which could lead to economic and social disruption *• Domestic firms might not benefit if technologies are protected by patents* *• Tax avoidance schemes could be used by TNCs* *• TNCs may exert political influence, e.g. on tax policies* *• Impact on the economy might be small (if there is little value added)* **NB Award maximum of 20 marks (Level 4) if candidates do not refer to countries in their response**	**(25)**

Question Number	Answer	Mark
4(a)	Gini coefficient is expressed by formula: A/(A+B) - (1) where A represents the area between diagonal line of complete equality and the Lorenz curve and B represents the area under the Lorenz curve (1). Accept Gini coefficient expressed as a percentage Value of 0 representing absolute equality and value of 1 representing complete inequality (1) Accurately labelled Lorenz curve (1)  Application (1+1): high income inequality which has risen from 0.43 in 2008 (1) to 0.55 in 2015 (1) 2 marks for knowledge; 2 marks for application / data reference	**(4)**

Question Number	Answer	Mark
4 (b)	**Knowledge and analysis of 2 reasons (up to 6 –2 reasons x 3 marks each):** Identification of benefit (1) + development (up to 2): Possible benefits include: • Less reliance on primary products; less price fluctuations of services making it easier to plan investment and output - increased FDI • Demand for services is income elastic - as incomes rise, demand for services increases at faster rate than demand for primary products: the prices of services rise relatively quickly - increase in terms of trade • Offers an opportunity to diversify and benefit from comparative and competitive advantages • Lower mechanisation of services increases employment, e.g. more unskilled workers in tourism and retail sectors. • Producing services require human capital - demand for skilled and educated workers increases; countries invest more in education – increases LRAS • They can support the production processes by providing value-added inputs for export-oriented industries and competitive industrial development • Helps poverty alleviation; in terms of enhancing the availability and affordability of education, IT, health, energy • Less pressure on environment due to reduced use of the natural resources – more sustainable development **One application from Extract 1:** "Angola is developing its services industry and this accounted for 23.2% of GDP in 2014" (2)	**(8)**

Question Number		Mark
4 (c)		**(12)**
Knowledge, application and analysis – indicative content		
	• Tax revenues are heavily dependent on oil - were predicted to decline by 3.9%, which created a fiscal deficit of $14 billion • Export earnings (95%) are heavily dependent on oil – falling international oil prices reduced exports by 5% and trade surplus has fallen to 18.6% of GDP in 2015 • Variations in oil price has major repercussions for economic growth; extract 1: economic growth has fallen from 6.8% in 2013 to 3.8% in 2015 • Development of alternative sources of energy as oil reserves are being depleted • Possible impact on the country's exchange rate e.g. Appreciation of the country's exchange rate resulting in decline in the manufacturing sector (Dutch disease) • Increased inequality – Gini coefficient has risen to 0.55 from 0.43 • There are global arrangements in place which aim at reducing carbon emissions	

Level	Marks	Descriptor
0	0	A completely inaccurate response.
1	1-3	Shows some awareness of likely effects for Angola of its high dependency on oil with limited explanation. Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is unclear.
2	4-6	Understanding and explanation of the likely effects for Angola of its high dependency on oil. Material is presented with some relevance but there are likely to be passages which lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect the clarity and coherence.
3	7-8	Clear understanding and explanation of the likely effects for Angola of its high dependency on oil with appropriate application to context throughout. Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found, but the writing is clear and coherent overall.

Evaluation – indicative content		
	• Angola experienced strong growth in GDP over recent years and therefore has an opportunity to widen its tax base • Official Development Assistance is expected to increase to compensate for Angola's falling oil revenues • Might gain future revenues from other non-oil growing sectors (through FDI) • Declining supply because of temporary reduction in oil output and the rising demand might keep oil prices high • Growing demand for energy might result in minimal impact on demand for oil • Extract suggests there has been a persistent depreciation of the currency against the dollar • Investment in manufacturing has risen and the sector has grown consistently in recent years; other factors may have significant impact on the exchange rate • Global arrangement for reducing carbon emissions are problematic to approve and implement	

Level	Marks	Descriptor
0	0	No evaluative comments.
1	1-2	For identifying evaluative comments without explanation/ one evaluative comment with explanation.
2	3-4	For evaluative comments supported by relevant reasoning.

Question Number		Mark
4 (d)		**(16)**
Knowledge, application and analysis – indicative content		
	• Figure 1 shows relatively high expected inflation rate which may cause uncertainty and discourage investment • Falling trade in goods surplus might limit imports of capital goods that are needed for development • Increase in cost of debt servicing may reduce foreign currency available for buying imports of capital goods/ increase interest rates leading to crowding out effect • Falling investment - FDI inflows are set to decline to $12.3 billion in 2015, down from $14.5 billion in 2013 • Poor quality of physical infrastructure reduces the level of inward FDI • Poor quality human capital reflected by low HDI (149th out of 187 countries surveyed) and lack of skilled workers • Angola has been able to exploit just 10% of its diamond reserves; losing potential for earning foreign currency • Unable to tap into agricultural resources and low productivity of its primary products • Corruption/civil wars – misallocation of resources • Discussion of savings gap / capital flight **NB Award a maximum of 6 marks (Level 2) if a candidate does not consider impact on both growth and development in their response.**	

Level	Marks	Descriptor
0	0	A completely inaccurate response.
1	1-3	Shows some awareness of the factors that continue to constrain growth and development of Angolan economy. Material presented is irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.

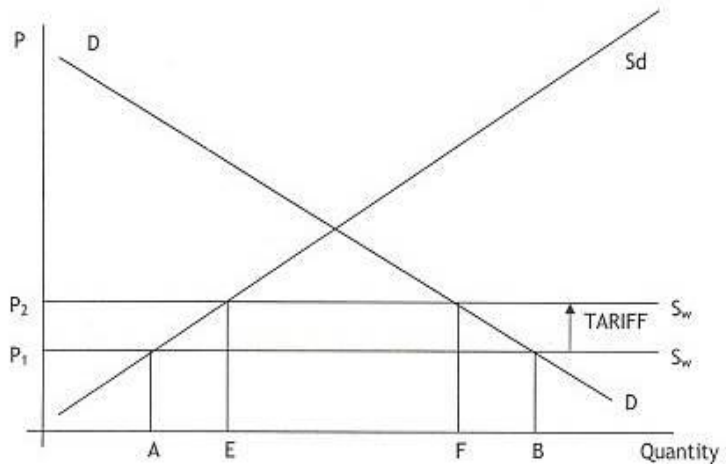
2	4-6	Understanding and explanation of factors that continue to constrain growth and development of Angolan economy. Material is presented with some relevance but there are likely to be passages which lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect the clarity and coherence.
3	7-8	Clear understanding and explanation of the factors that continue to constrain the growth and development of the Angolan economy with appropriate application to context throughout. Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found, but the writing is clear and coherent overall.

Evaluation – indicative content		
	• Figure 2 shows that the interest rates have been raised by Central Bank of Angola to curb inflation rate and it may not be an issue in the near future • If majority of the 19% of imports are spent on procuring capital goods, it could stimulate growth and development • Information on cost of debt servicing are only forecasts and could be inaccurate • Angola has potential for further growth through non-oil sectors which could boost investment • TNCs might import skilled labour and only create non skilled jobs in Angola • Angola is the world's fourth largest supplier of diamonds in terms of value; it shall continue to attract investment and expand its mining base / diamond prices falling • Agricultural sector contributes only 5.4% of GDP as compared to 23.2% of GDP of service sector; reference to the comparative advantage of Angola • Saving gap could be filled by FDI, microfinance, aid or debt cancellation	

Level	Marks	Descriptor
0	0	No evaluative comments
1	1-3	For identifying evaluative comments without explanation / one evaluative comment with explanation
2	4-6	For evaluative comments with limited explanations
3	7-8	For evaluative comments supported by relevant reasoning

Question Number	Answer	Mark
5 (a)	Knowledge: WTO is primarily concerned with the promotion of free trade by organising negotiations to reduce the trade barriers (1). Also concerned with enforcing trade rules / settling disputes (1) Application (1+1): For e.g. • WTO has confirmed that there has been an increase in new trade restrictions (1) • Few efforts to liberalise trade (1) 2 marks for knowledge; 2 marks for application / data reference	**(4)**

Question Number	Answer	Mark
5 (b)	**Knowledge and analysis of 2 reasons (up to 6 –2 reasons x 3 marks each):** Identification of effect (1)+development (up to 2): • More people are available to produce goods and services, so output may rise faster than population, therefore increasing per capita incomes • A larger working population willing to work for low wages may attract FDI • Population growth may increase technical progress; increasing AS/rightward shift in PPF • Increase in tax revenues for the government • Population growth at a higher rate than GDP will cause per capita incomes fall • Higher dependency ratio will limit the ability of households to save, increasing the savings gap • High population growth puts large strain on education, healthcare and infrastructure; would lead to an increase in levels of government spending (e.g. publically funded health/education) • Effects on environment: pollution/congestion • Increased pressure, e.g. public transport/housing • Increase supply of labour leading to fall in wages **One application from Extract 2:** "100 million young workers will enter the labour market by 2030" (2)	**(8)**

Question Number		Mark
5 (c)		**(12)**
Knowledge, application and analysis – indicative content		
	• Trade barriers would help India to industrialise further as imports would be less competitive, e.g. steel, space technologies and pharmaceuticals • Help correct India's balance of payments deficit on current account – move from deficit of 1.4% of GDP towards a surplus • Infant industries will be protected and this could help them achieve economies of scale • Geriatric industries will be protected giving them time to restructure and rationalise their production allowing them to become competitive again • Employment will be protected; there will be less threat to domestic jobs • Dumping, a form of predatory pricing, prevented • Raise tax revenue for the Indian Government / could be shown on the diagram • Increase in producer surplus for Indian producers / could be shown on the diagram *This could be explained with aid of a tariff diagram*  **NB Candidates may take either perspective as analysis and use the reverse arguments for evaluation**	

Level	Marks	Descriptor
0	0	A completely inaccurate response.
1	1-3	Shows some awareness of the likely impact of trade restrictions with limited explanation. Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.
2	4-6	Understanding and explanation of the likely impact of trade restrictions. Material is presented with some relevance but there are likely to be passages which lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect the clarity and coherence.
3	7-8	Clear understanding and explanation of the likely impact of trade restrictions with appropriate application to context throughout. Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found, but the writing is clear and coherent overall.

Evaluation – indicative content		
	• Consumer welfare can be reduced as tariffs lead to inflation, lowering consumer surplus / can be shown on the diagram. Choice could be restricted • Tariffs result in a net deadweight / welfare loss (can be shown on the diagram) • Indian firms can become inefficient as they face less competition and have little incentive to produce at the lowest average cost • Distortion of comparative advantage, which may decrease specialisation, thus reducing world output and living standards • May lead to a trade war / retaliatory action • May not be possible if the country is a member of the WTO / trade bloc with a common external tariff	

Level	Marks	Descriptor
0	0	No evaluative comments.
1	1-2	For identifying evaluative comments without explanation/ one evaluative comment with explanation.
2	3-4	For evaluative comments supported by relevant reasoning.

Question Number		Mark
5 (d)		**(16)**
Knowledge, application and analysis – indicative content		
	• Improving healthcare, education and training to increase labour productivity through development of human capital – raises competitiveness in the international markets • Liberalise the labour markets by reducing the employment protection legislation - making it easier to hire and fire workers • Subsidies/tax incentives to boost investment will encourage firms to invest in R&D which would not otherwise be started due to risk and cost involved • Reducing levels of bureaucracy / administrative and regulatory burdens on companies: simplifying process of buying land and gaining environmental clearances – hinders entrepreneurship • Stronger legal measures to reduce corruption as India still ranks 85th among 175 countries • Competitive tendering which would promote efficiency and provide transparency in markets; could help mitigate corruption and discrimination • Removal of price controls for diesel and natural gas reduce long term debt and fiscal deficit as the government's subsidy decreases (no longer have to reimburse oil firms for selling diesel at below-market price) • Infrastructure spending addressing bottlenecks in energy, mining and power sectors, e.g. to ensure the stability of electricity supplies, no power cuts • Promotion of new and small firms (subsidies or tax breaks) • Privatisation / deregulation	

Level	Marks	Descriptor
0	0	A completely inaccurate response.
1	1-3	Shows some awareness of supply side policies which would help the growth of the Indian economy. Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.
2	4-6	Understanding and explanation of supply side policies which would help the growth of the Indian economy. Material is presented with some relevance but there are likely to be passages which lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect the clarity and coherence.
3	7-8	Clear understanding and explanation of supply side policies which would help the growth of the Indian economy with appropriate application to context throughout. Material presented in a relevant and logical way. Some punctuation and/or grammar errors may be found, but the writing is clear and coherent overall.

Evaluation – indicative content		
	• Healthcare and infrastructure spending involve significant costs for the Indian Government and has implications for its budget/public finances • Investment in both education and training carry significant time lags; the quality of education and training varies; there's no guarantee of work after • Liberalising the labour markets can lead to disincentive effect and increase job insecurity which could reduce the productivity of labour; there is no guarantee that women will join the workforce due to cultural issues • Repatriation of profits could lead to worsening of the income balance component of current account of balance of payments and represents a leakage from the circular flow • Privatisation may lead to unemployment, closure of factories; loss of economies of scale if industry is broken up; undervaluation of industries sold • Removal of price controls will increase the rate of inflation in short term, with an immediate price rise in commodities	

	• Efficiency may not rise as a result of competitive tendering – slow process, and the firms could use cheaper materials and take safety shortcuts • Reducing/eliminating corruption could be difficult to achieve without cultural changes, which might take a substantial amount of time • Risk of funding inefficient new and small firms – leading to a misallocation of resources; encourage inefficiency	

Level	Marks	Descriptor
0	0	No evaluative comments.
1	1-3	For identifying evaluative comments without explanation / one evaluative comment with explanation.
2	4-6	For evaluative comments with limited explanations.
3	7-8	For evaluative comments supported by relevant reasoning.

Section A Part (a) Questions: Performance Criteria for Mark base 15		
Level 0	0	• No rewardable material
Level 1	1-3	• Displays knowledge presented as facts without awareness of other viewpoints • Demonstrates limited understanding with little or no analysis • Attempts at selecting and applying different economic ideas are unsuccessful • Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.
Level 2	4-6	• Displays elementary knowledge of well learnt economic facts showing a generalised understanding together with limited analysis i.e. identification of points or a very limited discussion • Displays a limited ability to select and apply different economic ideas • Material presented has a basic relevance but lacks organisation, but is generally comprehensible. Frequent punctuation and/or grammar errors are likely to be present which affects the clarity and coherence of the writing overall.
Level 3	7-9	• Displays knowledge and understanding of economic principles, concepts and theories as well as some analysis of issues i.e. answer might lack sufficient breadth and depth to be worthy of a higher mark • Shows some ability to apply economic ideas and relate them to economic problems • Employs different approaches to reach conclusions • Material is presented with some relevance but there are likely to be passages which lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect the clarity and coherence.
Level 4	10-12	• Displays a good knowledge of economic principles, concepts and theories together with an analysis of the issues involved • Demonstrates an ability to select and apply economic ideas and to relate them to economic problems • Evidence of some evaluation of alternative approaches leading to conclusions • Material is presented in a generally relevant and logical way, but this may not be sustained throughout. Some punctuation and/or grammar errors may be found which cause some passages to lack clarity or coherence.
Level 5	13-15	• Displays a wide range of knowledge of economic principles, concepts and theories together with a rigorous analysis of issues • Demonstrates an outstanding ability to select and apply economic ideas to economic problems • Evaluation is well balanced and critical leading to valid conclusions • Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found, but the writing is clear and coherent overall.

Section A Part (b) Questions: Performance Criteria for Mark base 25		
Level 0	0	• No rewardable material
Level 1	1-5	• Displays knowledge presented as facts without awareness of other viewpoints • Demonstrates limited understanding with little or no analysis • Attempts at selecting and applying different economic ideas are unsuccessful • Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.
Level 2	6-10	• Displays elementary knowledge of well learnt economic facts showing a generalised understanding together with limited analysis i.e. identification of points or a very limited discussion • Displays a limited ability to select and apply different economic ideas • Material presented has a basic relevance but lacks organisation, but is generally comprehensible. Frequent punctuation and/or grammar errors are likely to be present which affects the clarity and coherence of the writing overall.
Level 3	11-15	• Displays knowledge and understanding of economic principles, concepts and theories as well as some analysis of issues i.e. answer might lack sufficient breadth and depth to be worthy of a higher mark • Shows some ability to apply economic ideas and relate them to economic problems • Employs different approaches to reach conclusions • Material is presented with some relevance but there are likely to be passages which lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect the clarity and coherence.
Level 4	16-20	• Displays a good knowledge of economic principles, concepts and theories together with an analysis of the issues involved • Demonstrates an ability to select and apply economic ideas and to relate them to economic problems • Evidence of some evaluation of alternative approaches leading to conclusions • Material is presented in a generally relevant and logical way, but this may not be sustained throughout. Some punctuation and/or grammar errors may be found which cause some passages to lack clarity or coherence.
Level 5	21-25	• Displays a wide range of knowledge of economic principles, concepts and theories together with a rigorous analysis of issues • Demonstrates an outstanding ability to select and apply economic ideas to economic problems • Evaluation is well balanced and critical leading to valid conclusions • Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found, but the writing is clear and coherent overall.

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