GradeMax



# Mark Scheme (Results)

## Summer 2019

Pearson Edexcel IAL
In Economics (WEC04)
Paper 01 Developments in the Global Economy

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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 | Indicative content | Mark |
|---|---|---|
| **1 (a)** | • The trade in goods and services balance: A fall in productivity might result in loss in competitiveness of the country's goods and services leading to a deterioration in the trade balance<br>*But: this may be offset by an improvement in the other components of the balance of payments*<br><br>• Economic growth: If net exports fall, AD may fall leading to fall in real output/rise in unemployment<br>*But: may be offset by rise in other components of aggregate demand / much will depend on changes in productivity in other countries*<br><br>• Rate of inflation: fall in productivity could cause a leftward shift in LRAS resulting in rise in price level<br>*But: fall in AD could offset inflationary pressures*<br><br>• Real wages: may result in falling profits for firms and falling real wages for workers<br>*But: depends on magnitude of fall in productivity*<br><br>• FDI: May deter inward FDI which, in turn, would have adverse effects on growth and employment<br>*But: impact may vary because of differences in the fall in productivity in different sectors*<br><br>• Income distribution: could become more uneven if workers' wages are related to productivity while those of managers are not<br>*But: this could be offset by other factors e.g. increases in means-tested benefits*<br><br>***Other evaluative comments could include:***<br>• *Difficulty in measuring productivity*<br>• *Depends on main cause of fall in productivity*<br>• *The fall in productivity may only be in short run*<br>• *Is the fall in absolute or in relative productivity?*<br><br>**NB Award maximum of 12 marks (Level 4) if candidates do not refer to an economy in their answer** | **(15)** |

| Question Number | Indicative content | Mark |
|---|---|---|
| **1 (b)** | • Increased expenditure on education<br>*But: depends on the quality and type of education provided / opportunity cost*<br><br>• Improvements in training e.g. apprenticeships<br>*But: apprenticeships need to be in areas where there is a need for workers*<br><br>• Incentives to encourage people to continue with education beyond school leaving age<br>*But: these may incur a cost to the government with implications for taxes*<br><br>• Tax breaks or subsidies to firms who provide on-the-job training / increase investment on R&D<br>*But: depends on the quality of investment and the training provided / impact on budget deficit*<br><br>• Reduction in the power of the trade unions<br>*But: it may lead to exploitation of workers*<br><br>• Tax and welfare reforms which will create an incentive to work<br>*But: impact on budget deficit / income inequality*<br><br>• Increase in firms' ability to hire and fire workers by reducing bureaucracy and increasing the labour market flexibility<br>*But: may lead to job insecurity and demotivation*<br><br>• Increase in National Minimum Wage which will increase motivation and incentives to work<br><br>• Improve access to and quality of health care that will reduce absenteeism and sickness<br><br>• Inward migration of skilled labour to improve the quality of the labour force<br><br>• Investment in infrastructure: e.g. rail, broadband – reducing lost time due to congestion<br><br>***Other evaluative comments could include:***<br>• *Prioritisation of policies*<br>• *Significance of policies over time*<br>• *Time lags and implementation lags*<br>• *Different policies effective in different countries*<br><br>**NB Award maximum of 20 marks (Level 4) if candidates do not refer to a developed economy in their answer** | **(25)** |

| Question Number | Indicative content | Mark |
|---|---|---|
| **2 (a)** | Understanding of government intervention in the currency markets<br><br>Possible policies might include:<br><br>• Sale/purchase of foreign currency (or gold) reserves on the foreign exchange market in order to increase demand / supply for the riyal<br>• Pegging currency against a more stable currency, e.g. dollar<br>• Changes in the money supply in the economy through asset purchases<br>• Changes in the (relative) interest rates in Saudi Arabia<br>• Other policies to encourage/restrict the inflow of FDI and/or portfolio investment into Saudi Arabia<br>• Other policies to encourage/restrict outflow of funds from Saudi Arabia (e.g. through remittances, repatriation of profits, capital flight etc.)<br>• Changes to supply of oil in the international market affecting demand for its currency<br><br>***Evaluative comments could include:***<br>• *Ability of the government to sell its reserves/ riyal depends on the value of reserves/ riyal held, and is international value*<br>• *Possible political/ethical issues surrounding the selling off of reserves*<br>• *Use of monetary policies may cause conflicts with other macroeconomic objectives*<br>• *Relative interest rate more important than interest rate in determining hot money flows*<br>• *Prioritisation/comparison of the effectiveness of different policies*<br>• *Problems of currency stabilisation*<br><br>**NB Candidates do not need to answer in relation to Saudi Arabia/the riyal**<br><br>**NB Award maximum of 12 marks (Level 4) if candidates do not refer to an economy's currency in their answer** | **(15)** |

| Question Number | Indicative content | Mark |
|---|---|---|
| **2 (b)** | Understanding of current account surplus / components of the current account<br><br>Reasons may include:<br><br>• Abundance of raw materials, minerals, fuels – highly demanded by other countries; e.g. oil<br>• Increase in price of key commodity exported<br>• Higher productivity – more educated/skilled workforce, reducing unit costs and therefore more competitive in terms of labour costs<br>• Fall in external value of a country's currency<br>• Relatively low inflation rates, e.g. Saudi Arabia experiencing deflation<br>• Increase in demand for goods and services from the rest of the world<br>• Falling real wages/incomes in Saudi Arabia, reducing the demand for imports<br>• Lower regulation/bureaucracy in Saudi Arabia, reducing firms' costs of production<br>• Protectionist policies designed to reduce the country's dependence on imports<br>• External economies of scale<br>• Relocation of manufacturing industries from high wage countries<br>• Previous investment in modern technology<br>• Reputation for producing high quality, highly reliable goods<br><br>***Evaluative comments could include:***<br><br>• *Prioritisation of reasons; rising oil prices may be the most important factor*<br>• *SR/LR considerations: the data is for one year only – may not be maintained in the long run; Saudi Arabia has suffered from falling oil prices*<br>• *Different factors affect different countries*<br>• *For the world's largest oil exporter, the surplus appears to be relatively small – perhaps surplus as a percentage of GDP would be more significant*<br>• *Depends which component of the current account is causing a surplus*<br><br>**NB Award maximum of 20 marks (Level 4) if candidates do not refer to a country or countries in their answer** | **(25)** |

| Question Number | Indicative content | Mark |
|---|---|---|
| **3 (a)** | • Economic growth: If trade barriers are raised against US goods, then less specialisation and trade could lead to a fall in the US's growth rate<br>*But: US would have incentive to diversify exports away from NAFTA countries to growing economies*<br><br>• Foreign direct investment into US may fall due to no free access to the NAFTA market/Could also be decline in domestic investment due to uncertainty<br>*But: impact on US may be small if there are other benefits of operating in the US e.g. relatively low corporation tax rates, availability of skilled labour*<br><br>• Current account of US's balance of payments: improvement is likely since it has a trade deficit with the NAFTA countries<br>*But: deterioration in the trade in goods balance if demand for US imports is inelastic while demand for US exports is elastic*<br><br>• Unemployment may increase in US if there is fall in FDI into US and/or firms based in the US decide to divert investment abroad<br>*But: the impact might be small especially if there is less direct competition from producers in NAFTA / depends on how successful US manufacturers are in developing new markets*<br><br>• Changes to patterns of migration: less strain on public services, as immigration into the US would fall and possibility of higher wages for US workers<br>*But: NAFTA immigrants usually pay more in taxes than they take out; less available workforce*<br><br>• Depreciation of the US dollar due to uncertainty<br>*But: impact may be limited as other factors also influence exchange rates, e.g. inflation rates, QE*<br><br>• Inflation: some goods may become significantly cheaper e.g. food, while others could become more expensive because they can no longer be imported freely from NAFTA countries<br>*But: food prices may be more unstable and food supplies may be less secure*<br><br>• Patterns of trade – the possibility that smaller proportion of US's trade will be with NAFTA and more with countries outside the NAFTA<br><br>**NB Award a maximum of 12 marks (Level 4) if a candidate does not refer to US or NAFTA** | **(15)** |

| Question Number | Indicative content | Mark |
|---|---|---|
| **3 (b)** | Understanding of globalisation<br><br>• Reduction in transportation costs: transport / volume economies of scale – larger planes and ships reduce average transport cost; technical efficiencies through "containerisation"; increase fuel efficiency; better transport infrastructure<br><br>• Reduction in communication costs: e.g. internet and technological advances have made it easy to communicate/share information around the world; introduction of new electronic payment systems<br><br>• Increase in number of TNCs: have entered new markets and invested significantly in expanding abroad to increase sales/revenues/profits (this is through offshoring and outsourcing)<br><br>• Reduction in trade barriers linked to the work of WTO; application of law of comparative advantage: average tariff levels have fallen and many foreign exchange controls have been reduced<br><br>• Opening up of global financial markets: This has included the removal of capital controls in many countries allowing for more FDI and/or repatriation<br><br>• High real incomes increasing demand for imports<br><br>• Opening up of economies to world market: e.g. China; collapse of communism<br><br>***Other evaluative comments could include:***<br>• *Prioritisation and significance of factors*<br>• *Increase in recent oil and gas prices have meant high transport costs & deceleration of globalisation*<br>• *Many people in developing countries are excluded from benefits from technology due to being poor, illiterate or having no access to computer systems.*<br>• *TNCs are footloose/impact on domestic firms*<br>• *Trade talks of Doha round, started in 2001, have been unsuccessful in reducing trade barriers/WTO also less successful in reducing non-tariff barriers*<br>• *Deglobalisation due to financial crisis / external shocks and/or adoption of protectionist policies*<br>• *Application of concepts such as income elasticity of demand and marginal propensity to import* | **(25)** |

| Question Number | Answer | Mark |
|---|---|---|
| **4 (a)** | Knowledge (1+1 marks):<br><br>• Encourages sustainable economic growth (1)<br>• Monetary cooperation between countries (1)<br>• Provision of policy advice aimed especially at crisis prevention; e.g. to reduce the fiscal deficit (1)<br>• Stabilisation; e.g. to stabilise exchange rate (1)<br>• Financial assistance; e.g. lending to countries with balance of payments difficulties (1)<br>• Provide temporary financing and to support policies aimed at correcting the underlying problems (1)<br>• Give loans to low-income/developing countries (1)<br>• Offers debt relief (1)<br><br>Application (1+1 marks):<br>• The devaluation of the currency was one of the demands by the International Monetary Fund (IMF) (1) in order for Egypt to receive a loan of $12 billion between 2017 and 2020 (1) | **(4)** |

| Question Number | Answer | Mark |
|---|---|---|
| **4 (b)** | **Knowledge and analysis of 2 effects (up to 6 marks - 2 effects x 3 marks each):**<br><br>Identification of effect (1) + development (up to 2):<br><br>• could lead to a reduction in the budget deficit as tax revenues to the government increase<br>• fall in spending/consumption, which will reduce economic growth and increase unemployment<br>• it would cause fall in real incomes which may raise the incentives to work if people wish to maintain standard of living<br>• people on low incomes will be affected more as indirect tax is regressive, increasing inequality<br>• FDI flows: may act as a deterrent as the prices of finished goods will be higher<br>• rise in cost of raw materials has delayed projects which could lead to lower investment<br>• could lead to a rise in inflation if the indirect tax results in a wage-price spiral<br><br>**One application from Extract 1:**<br><br>"introduced an indirect tax of 13%" (2) | **(8)** |

| Question Number | | Mark |
|---|---|---|
| **4 (c)** | | **(16)** |
| Knowledge, application and analysis – indicative content | | |
| | Understanding of devaluation of the currency<br><br>• Improvement in current account because exports would become more competitive, imports less competitive, improving price competitiveness – "reduce Egypt's trade deficit. The country has traditionally been import-dependent"<br><br>• Increase in net exports and thus AD: leading to economic growth, and higher standards of living – "promised that the population would experience improvement in living standards"<br><br>• Inflation: devaluation may cause a rise in cost of imported raw materials and finished goods leading to cost push inflation – Figure 1<br><br>• Reduction in unemployment due to derived demand of labour – Figure 2<br><br>• More inward FDI and less outward FDI that will improve the financial account position – "Foreign direct investment (FDI) gradually increased between 2016 and 2017"<br><br>• Policy implication: increase in interest rates to reverse depreciation/prevent further currency fall – "The Central Bank of Egypt increased the base interest rate from 11.75% in 2016 to 18.75%"<br><br>• Increase in debt burden for government and for banks with external debts<br><br>• Condition to qualify for "a loan of $12 billion between 2017 and 2020" from the IMF | |

| Level | Mark | Descriptor |
|---|---|---|
| Level 0 | 0 | A completely inaccurate response. |
| Level 1 | 1-3 | Shows some awareness of the economic effects of the devaluation of the Egyptian pound on Egypt's economy. Material presented is often irrelevant and lacks clear organisation. Frequent punctuation and/or grammar errors are likely to be present and writing is unclear. |
| Level 2 | 4-6 | Understanding and explanation of economic effects of the devaluation of Egyptian pound on Egypt's 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 clarity and coherence. |
| Level 3 | 7-8 | Clear understanding and explanation of economic effects of devaluation of Egyptian pound on Egypt's 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 | | |
|---|---|---|
| | • Improvement on the current account depends on the PED for imports and exports; it will not improve non-price competitiveness<br><br>• Other components may offset increase in AD e.g. fall in investment / consumption; it depends on the size of multiplier effect, spare capacity in Egypt<br><br>• Inflation may not increase if firms cut their profit margins, or if productivity rises; it depends on the extent to which the higher costs are passed on to consumers; along with ending of "fuel subsidies", impact on inflation will be quite large<br><br>• Unemployment might not fall if there is significant under-employment in Egypt<br><br>• Other factors effect FDI decisions e.g. tax, political stability; could lead to repatriation of profits, interest (outflows from current account) – "security concerns since 2011" / "political instability in the area"<br><br>• Higher interest rates hinders economic growth and lead to rising unemployment – Figure 2<br><br>• Inflation would erode real value of debt – Figure 1<br><br>• Short run / long run effects on the current account<br><br>• Productivity may be more significant than changes in exchange rate | |

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

| Question Number | | Mark |
|---|---|---|
| **4 (d)** | | **(12)** |
| Knowledge, application and analysis – indicative content | | |
| | "one of the world's most popular travel destinations" / "a sector that once accounted for 11.4% of GDP"<br><br>Likely economic benefits include:<br><br>• Source of foreign exchange as tourists spend on goods and services provided in the local economy; helps fill foreign exchange gap – "small increase in Egypt's revenue from tourism"<br><br>• It helps attract FDI by TNCs and could take the burden away from the Egyptian Government by developing infrastructure "shopping malls, hotels and restaurants"<br><br>• Likely to increase AD as a result of FDI inflows and increase in net exports; increases economic growth via the multiplier<br><br>• Increased tax revenues for the government from higher profits, incomes, expenditure by the tourists – tax revenues can be used in "improving heritage sites and organising international sporting events"<br><br>• Demand for tourism is income elastic; industry would prosper during a period of world economic growth as incomes rise – "four million tourists travelled to the country in 2017"<br><br>• Increased employment opportunities as tourism is a labour-intensive industry, so significant jobs may be made – Figure 2 / "the airline companies were able to increase the number of flights to and from Egypt."<br><br>• Balance of payments improves through the inflows into financial account (FDI) and inflows into current account (from tourists) | |

| Level | Mark | Descriptor |
|---|---|---|
| Level 0 | 0 | A completely inaccurate response. |
| Level 1 | 1-3 | Shows some awareness of the economic benefits of expanding tourism in Egypt with limited development. Material presented is 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 | Understanding and explanation of the economic benefits of expanding tourism in Egypt.<br>Material is presented with some relevance but there are likely to be passages which lack proper organisation.<br>Punctuation and/or grammar errors are likely to be present which affect the clarity and coherence. |
| Level 3 | 7-8 | Clear understanding and explanation of the economic benefits of expanding tourism in Egypt.<br>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 | | |
|---|---|---|
| | • Deterioration in current account of the BOP –<br>o Profits may be repatriated – effects the investment income component<br>o Outflows because of the need to import items that are demanded – effects the trade in goods component<br><br>• Political instability, and security concerns, might still not increase tourists– "Tourism from Russia … fell by nearly 55% between 2015 and 2016"<br><br>• Demand for tourism is income elastic, revenues from tourists might fall during recession – "less than the 15 million visitors that Egypt attracted in 2010"<br><br>• Jobs may only be seasonal: most jobs may be unskilled/low paid, with high skilled/high paid jobs going to foreign employees of TNCs<br><br>• Higher tax revenues may be required to pay for the extra public services needed by tourists<br><br>• Tourists might cause external costs that could cause Egypt to impose restrictions on tourists<br><br>• Foreign exchange earnings from tourism may be a small percentage of GDP; effects not big<br><br>• Government strategies may cost more than the increase in revenue from the increased number of visitors | |

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

| Question Number | Answer | Mark |
|---|---|---|
| **5 (a)** | Knowledge (1+1 marks):<br><br>• GDP growth rate – *percentage* at which country's total value of goods and services changes from one quarter to another (1)<br><br>• 'real' – adjusted for inflation (1)<br><br>Application (1+1 marks):<br>• Growth rate fell from nearly 6.3% in 2014 (1) to approximately -1.6% in 2016 (1)<br>• Growth rate fell by around 7.9 percentage points between 2014 and 2016 (2)<br>• Explanation of trend from Figure 1 (1)<br><br>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):**<br><br>Identification of a reason (1) + development (up to 2):<br><br>• Current account deficit as a result of lower oil revenues: a fall in oil prices reduces the value of Nigeria's exports as oil is "estimated to account for approximately 95% of Nigeria's total exports and 70% of its total tax revenue"; demand for oil is inelastic<br><br>• Increase in capital flight: rapid movement of large amounts of money out of Nigeria – perhaps due to lack of confidence in the economy, security issues "experiences conflicts and frequent attacks"<br><br>• Supporting the *naira*: the value of the currency is falling - "depreciation of its currency, *naira*, against the US dollar"; sell foreign currency reserves and buy its domestic currency to prevent it from falling any further<br><br>**One application:** See above (2) | **(8)** |

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| Question Number | | Mark |
|---|---|---|
| **5 (c)** | | **(16)** |
| Knowledge, application and analysis – indicative content | | |
| | • Primary product dependency – tax revenues will fall – accounts for "70% of its total tax revenue"; budget deficit rises – "created a budget deficit of over 3% of GDP"; export earnings will fall – "95% of Nigeria's total exports"; variations in price of oil has a major impact on economic growth – Figure 1 : real GDP growth rate has fallen from nearly 6.3% in 2014 to approximately -1.6% in 2016<br><br>• Weak infrastructure – it "faced disruptions in oil production" and "experiences conflicts and frequent attacks on oil facilities and infrastructure"; less FDI<br><br>• High cost push inflation of "16% in 2017" due to "power shortages" and relatively expensive imports due to "depreciation of its currency, *naira*" – leads to higher uncertainty and discourages investment<br><br>• Current account deficit might limit the imports of capital goods which are needed for development – "deficit as a result of lower oil revenues"<br><br>• Conflicts and political instability – "experiences conflicts and frequent attacks"; loss of quality and quantity of factors of production, shift PPF inwards<br><br>• Foreign exchange gap – the "foreign currency reserves fell by nearly US$2 billion in 2017"; will find it hard to import raw materials/capital goods<br><br>• Weak institutions, poor enforcement of laws and corruption – it "ranks 136 out of 176 countries on the Corruption Perception Index"; misallocation of resources and reduces investment<br><br>• High levels of bureaucracy or administrative and regulatory burdens increases firms costs – "World Bank's report, *Doing Business 2017*, which ranked Nigeria at 169 out of 190 countries"<br><br>• Human capital inadequacy represented by lower HDI – "Human Development Index of 0.51. This is because of low public investment in healthcare and education"; lack of skilled and healthy workforce<br><br>• Lack of available workforce - "unemployment has remained over 10%" even though it has population of "184 million"; less production, low tax revenues for the government<br><br>• High income inequality and poverty – "62% of the population live on less than $1.90 per day"; less collateral for poor to start own business; less marginal propensity to save, causing savings gap | |

| | | |
|---|---|---|
| | **N.B. Candidates cannot access Level 3 if they do not refer to both growth and development in their answer** | |

| Level | Mark | Descriptor |
|---|---|---|
| Level 0 | 0 | A completely inaccurate response. |
| Level 1 | 1-3 | Shows some awareness of the factors which may constrain the growth and development of Nigeria's economy with limited explanation.<br>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 | Understanding and explanation of factors which may constrain the growth and development of Nigeria's economy.<br>Material is presented with some relevance but there are likely to be passages which lack proper organisation.<br>Punctuation and/or grammar errors are likely to be present which affect the clarity and coherence. |
| Level 3 | 7-8 | Clear understanding and explanation of factors which may constrain the growth and development of Nigeria's economy with appropriate application to the context throughout.<br>Material presented in a relevant and logical way.<br>Some punctuation and/or grammar errors may be found, but the writing is clear and coherent overall. |

| Evaluation – indicative content | | |
|---|---|---|
| | • Figure 2 – global prices of oil have started to rise, so could reduce its current account deficit<br>• Nigeria could still have comparative advantage in production of oil; through specialisation it shall use its resources more efficiently<br>• Nigeria is "Africa's biggest oil exporter", so it will continue to attract investment<br>• TNCs could improve infrastructure to facilitate its business investment in exchange for oil; may gain from increased inward FDI<br>• Conflicts/civil wars could just be a short term issue<br>• Weak institutions and poor enforcement of laws – Nigeria could get help from the IMF or World Bank<br>• Reducing/eliminating corruption could be difficult to achieve without cultural changes<br>• TNCs might import skilled labour and only create a few low skilled jobs in Nigeria | |

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

| Question Number | | Mark |
|---|---|---|
| **5 (d)** | | **(12)** |
| Knowledge, application and analysis – indicative content | | |
| | "In 2015 the industrial sector accounted for approximately 15.5% of Nigeria's GDP"<br><br>• Increase in national income as industrialisation makes possible the optimum utilisation of scarce resources of the country: increases quantity and quality of various manufactured goods and make big contributions to GDP through adding value to primary resources – Figure 1<br><br>• Creates job opportunities for "youth" and helps reduce "62% of the population" living in absolute poverty "on less than $1.90 per day"<br><br>• Large scale production of goods available to consumers at low prices: increases consumer surplus and quality of living<br><br>• Share of profits and savings ratio should increase as a proportion of GDP: funds become available for investment (e.g. in infrastructure) and growth<br><br>• Provides economic stability; fluctuating demand of the agricultural raw materials hampers economic progress and leads to an unstable economy<br><br>• Productivity is higher in the manufacturing sector than in the agriculture/primary sector, so this may attract FDI<br><br>• Benefits of reducing Nigeria's dependency on oil through diversification away from primary product dependency<br><br>• Clothing and footwear prices are likely to be less volatile/more stable than commodity prices | |

| Level | Mark | Descriptor |
|---|---|---|
| Level 0 | 0 | A completely inaccurate response. |
| Level 1 | 1-3 | Shows some awareness of the case for stimulating Nigeria's economic growth through industrialisation with limited explanation.<br>Material presented is irrelevant and lacks organisation.<br>Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear. |
| Level 2 | 4-6 | Understanding and explanation of the case for stimulating Nigeria's economic growth through industrialisation.<br>Material is often 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 3 | 7-8 | Clear understanding and explanation of the case for stimulating Nigeria's economic growth through industrialisation with appropriate application to context throughout.<br>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 | | |
|---|---|---|
| | • It would not be desirable if Nigeria has a significant comparative advantage in the production of oil<br><br>• Significance of the mining and manufacturing sector as compared to oil and other industrial sectors<br><br>• Increase in external costs – pollution, congestion, global warming; health issues; destruction of habitat / gradual disappearance of natural resources<br><br>• Gradual displacement of manpower in industries is ultimately leading to unemployment<br><br>• Exploitation of workers, including children and women; long working hours and poorer working conditions<br><br>• Large scale heavy industries may lead to a sharp fall in number of infant industries that will disappear<br><br>• Deterioration of quality of life due to urbanization that are more crowded than the rural areas; it leads to social problems for the society, e.g. psychological disorders/crime<br><br>• May be difficult to gain a competitive advantage, in e.g. clothing and footwear<br><br>• Other strategies could be used to improve growth | |

| Level | Mark | Descriptor |
|---|---|---|
| Level 0 | 0 | No evaluative comments. |
| Level 1 | 1-2 | For identifying evaluative comments without explanation/ one evaluative comment with explanation. |
| Level 2 | 3-4 | 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<br>• Demonstrates limited understanding with little or no analysis<br>• Attempts at selecting and applying different economic ideas are unsuccessful<br>• 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<br>• Displays a limited ability to select and apply different economic ideas<br>• 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<br>• Shows some ability to apply economic ideas and relate them to economic problems<br>• Employs different approaches to reach conclusions<br>• 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<br>• Demonstrates an ability to select and apply economic ideas and to relate them to economic problems<br>• Evidence of some evaluation of alternative approaches leading to conclusions<br>• 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<br>• Demonstrates an outstanding ability to select and apply economic ideas to economic problems<br>• Evaluation is well balanced and critical leading to valid conclusions<br>• 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<br>• Demonstrates limited understanding with little or no analysis<br>• Attempts at selecting and applying different economic ideas are unsuccessful<br>• 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<br>• Displays a limited ability to select and apply different economic ideas<br>• 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<br>• Shows some ability to apply economic ideas and relate them to economic problems<br>• Employs different approaches to reach conclusions<br>• 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<br>• Demonstrates an ability to select and apply economic ideas and to relate them to economic problems<br>• Evidence of some evaluation of alternative approaches leading to conclusions<br>• 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<br>• Demonstrates an outstanding ability to select and apply economic ideas to economic problems<br>• Evaluation is well balanced and critical leading to valid conclusions<br>• 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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