Mark Scheme (RESULTS)

January 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 THE DETAILED MARKING CRITERIA WHICH ARE TO BE FOUND AT THE END OF THIS MARK SCHEME ****

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)	• Relative inflation rates: reference to PPP theory *But: small inflation rate differences might be offset by other factors e.g. stability of the economy* • Relative interest rates: discussion of hot money flows and demand for the currency *But: interest rate is now exhausted as a tool and quantitative easing may play more significant role* • Relative strength of the economy: debt crisis *But: in Japan's case, its national debt of 250% has not prevented an appreciation of its currency* • Balance of payments: current account balance; financial account balance; e.g. persistent current account deficit leads to greater supply of currency relative to demand leading to fall in exchange rate *But: current account is relatively minor because other capital flows are much more significant* • Macroeconomic management: e.g. quantitative easing has caused a depreciation in the value of some currencies *But: underlying strength of the economy is more vital than short term macroeconomic management* • Allow analysis based on government/central bank manipulation of the exchange rate through the buying and selling of the currency • Speculation/expectations play a very important role in relation to all of the above *This could be argued as the most significant factor* ***Other evaluative comments could include:*** • *Prioritisation of factors* • *Significance of factors in short run and long run* • *Different factors important for different countries*	**(15)**

Question Number	Indicative content	
1 (b)	Understanding of a depreciation of the currency *Economic impact will depend on extent of the depreciation and whether short or long term* • Improvement in current account of B/P because exports would become more competitive, imports less competitive, improving price competitiveness *But: depends on PED for imports and exports; it will not improve non-price competitiveness* • Increase in net exports and hence, aggregate demand: leading to economic growth and higher living standards *But: other components may offset increase in AD e.g. fall in investment / consumption; depends on size of multiplier effect, spare capacity* • Inflation: depreciation may cause a rise in cost of imported raw materials and finished goods leading to cost push inflation *But: will not be the case if firms cut profit margins or if productivity rises; depends on the extent to which the higher costs are passed on to consumers* • Reduction in unemployment – derived demand *But: may not happen if there is under-employment* • Increase in debt burden for government and for banks with external debts *But: inflation would erode the real value of debt* • More inward FDI and less outward FDI improving the financial account position *But: other factors effect FDI decisions e.g. tax, confidence; repatriation of profits, interest and dividends (outflows from the current account)* • Growth in the country's tourism industry *But: may reduce confidence in the economy, leading to negative economic effects* • Policy implication: increase in interest rates to reverse depreciation/prevent further currency fall *But: this would hinder economic growth and lead to rising unemployment*	**(25)**

Question Number	Indicative content	Mark
2 (a)	• Understanding/definition of protectionist trade barriers • Candidates may draw a tariff diagram to show the likely effects, and/or may use AS/AD analysis Reasons for restrictions could include: • To protect employment in their industries • To help to maintain a diversified base in the country: reduce risks by protecting it against exogenous shocks • To protect essential or strategic industries • To manage the decline of senile / sunset industries: giving them time to restructure and rationalise • To protect infant / sunrise industries: perhaps firms in the country need time to grow to gain economies of scale to be able to compete effectively • To improve the current account position on the balance of payments • To prevent dumping by other countries • Retaliation in response to trade barriers by other countries • To raise tariff/tax revenue • For strategic/political reasons ***Evaluative comments could include:*** • *Prioritisation of different reasons* • *Significance of the size of the protectionist measure put in place* • *Depends on which protectionist measures are put into place – can compare tariffs, quotas, subsidies and non-tariff barriers* • *Tariff revenue is a very small proportion of total government revenue in developed economies; this is likely to be an important reason in developing economies* • *Consideration of the extent to which the sector is part of an essential/strategic industry for the given country (given its other sectors, perhaps)* • *Credit for reasons against a protectionist policy*	**(15)**

Question Number	Indicative content	Mark
2 (b)	Understanding of patterns of trade • Changes in comparative advantage: a detailed analysis of the significance of this theory may be represented with numerical example or diagram *But: law of comparative advantage is based on unrealistic assumptions e.g. constant costs of production; perfect mobility of resources* • The collapse of communism led to the opening-up of many former-communist countries, for e.g. China and Eastern Europe *But: increased transport costs and higher wages might slow this process* • Changes in competitiveness, e.g. US & UK loss in low cost manufacturing contrasted with rise in the emerging economies (could count as two points) *But: increased labour costs, e.g. China, have now resulted in return of manufacturing in developed economies* • Changes in the exchange rate/'currency wars' of recent years; China: currency controls to prevent appreciation of their currency • Increase in foreign direct investment (FDI) which increased manufacturing in developing economies • Increase in number and size of trading blocs / bilateral trade agreements • Many advanced economies have experienced deindustrialisation, with less national output generated by their manufacturing sectors • Relative inflation differentials linking to real exchange rates ***Other evaluative comments could include:*** • *Prioritisation of factors* • *Significance of each factor* • *Different impacts more or less important for different economies* • *Short run vs long run distinction between likely impacts*	**(25)**

Question Number	Indicative content	Mark
3 (a)	Understanding of current account deficit • Over-valued currency that may have contributed to the loss of international competitiveness, as the exports become relatively expensive and imports relatively cheaper • Inability to compete with the goods produced by relatively low wage countries • Relocation/offshoring of manufacturing industries to countries with low relative unit labour costs and weak regulations • Relatively low productivity has meant that goods and services are not competitive • Low levels of investment in human capital (lack of investment in education and training), which reduces skill levels relative to trading partners and restricts countries from selling high value exports • High marginal propensity to import • Economies may have experienced a relatively high inflation rate • Slowdown in other countries/trading partners • Manufacturing base eroded during period of high exchange rate • A deterioration in other elements of the current account (current transfers and investment income) ***Evaluative comments could include:*** • *Prioritisation of factors* • *Different factors important for different countries* • *Significance of factors in short run and long run: may be short-term only as when economic growth falls, current account deficits could decrease again* • *Some countries are returning back as labour and transportation costs have been increasing* • *If inflation is similarly high or higher in countries where the imported goods originate from, there is no significant change in price competitiveness* • *These are data for one year only – may not be significant compared to previous years*	**(15)**

Question Number	Indicative content	Mark
3 (b)	Analysis could include: • All the current account deficits need to be financed and if they are substantial this can become a significant problem • May cause reduction in reserves and need to borrow from IMF • The lack of international competitiveness may indicate lower economic growth and increasing unemployment • Trade in goods deficit might be quite difficult to finance; may require higher interest rates or sale of assets • Deficit might cause a depreciation in exchange rate, with possible inflationary pressures • Net leakage from circular flow of income and so could cause a fall in AD, leading to fall in output, employment and income via the multiplier effect • Deficit may imply reliance on consumer spending and becoming uncompetitive: structural weakness and uncompetitive manufacturing sector. • Danger of increased use of protectionist policies by countries with trade deficits • Financial crisis led to a downturn in economies of deficit countries - foreign financing used to pay for deficits fell due to lack of confidence ***Evaluative comments could include:*** *• Current account deficit may be financed by inflows in the financial account* *• The deficit may be relatively small percentage of GDP and therefore manageable* *• May be desirable if trade imbalances are caused by imports of capital goods which would increase the country's productive capacity in the long run* *• Exchange rate might change to bring about correction of B/P deficit* *• Might only be a short term problem* **N.B Candidates may take either perspective as analysis and use reverse arguments for evaluation** **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
4 (a)	Knowledge: • Fiscal deficit is when government spending exceeds its tax revenue (2) Application (1+1 marks): • annual fiscal deficit rose to approximately 1.7% of GDP (1) • those with … fiscal deficits have been advised to deregulate their labour markets (1) 2 marks for knowledge; 2 marks for application / data reference	**(4)**

Question Number		Mark
4 (b)		**(16)**
Knowledge, application and analysis – indicative content		
	Understanding of quantitative easing (QE) • Should encourage banks to increase lending, and thus hopefully increase consumption and investment, increasing AD - “Economists predicted economic growth of 1.6% for both 2018 and 2019” • Inflation has been increasing – use of Figure 1 to show rising inflationary pressures since the introduction of QE / “ECB economists forecast that the eurozone inflation will be 1.5% in 2018 and 1.7% in 2019.” • Inflation may have been much lower without QE – e.g. Figure 1 shows that inflation rising at a slower rate since 2012 and then went to a deflation in 2015 • QE programme could be extended showing it is effective – “increase rate of quantitative easing beyond the current €60bn a month”; will increase liquidity in capital markets, so enabling firms and households to access loans more easily, increasing growth and therefore reducing unemployment • QE would be expected to depreciate the euro, improving international price competitiveness of eurozone exports, and reducing the price competitiveness of imports to the eurozone	

Level	Mark	Descriptor
Level 0	0	A completely inaccurate response.
Level 1	1-3	Shows some awareness of the likely impact of the ECB’s quantitative easing programme. Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and writing is unclear.
Level 2	4-6	Understanding and explanation of the likely impact of the ECB’s quantitative easing programme. 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 the likely impact of the ECB's quantitative easing programme 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		
	• Inflation below target till 2017 since the introduction of QE – use of Figure 1 to illustrate time lags • Inflation is largely down to factors outside the central bank's control – "rising energy prices and an increase in prices of food, alcohol and tobacco"; limited impact • Lack of confidence among consumers and firms mean they aren't responding as the ECB would like to the QE programme, and therefore no significant shift in AD • Banks lack confidence/are risk averse and therefore still reluctant to lend money to consumers and firms • Impact of extension of the QE programme may be limited as the "ECB only has limited number of assets available it can purchase from its member countries" • QE impact is small due to strict rules - "guidelines do not allow purchase of more than one-third of country's debt": most eurozone countries have substantial debts • Impact depends on the size of the multiplier effect and the level of spare capacity in the eurozone	

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 (c)		**(12)**
Knowledge, application and analysis – indicative content		
	• Rising national debts could lead to inflationary pressures if its due to discretionary fiscal policy – use of Figure 1/"inflation has marginally exceeded the inflation target for the first time since 2013" • A high national debt, "90.1%", implies increased interest payments: danger of financial crowding out, loss of confidence in markets leading to a fall in FDI • Rising national debts imply a fiscal deficit, caused by recessions in many countries • Reduction in the country's credit rating and higher future borrowing costs for eurozone countries; with the possibility of needing assistance from the IMF • 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 • Rising national debts lead to loss of confidence in the currency (euro, in case of eurozone countries) that may cause a fall in its value	

Level	Mark	Descriptor
Level 0	0	A completely inaccurate response.
Level 1	1-3	Shows some awareness of whether an increase in the national debt should be a cause for concern 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 whether an increase in the national debt should be a cause for concern. 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 3	7-8	Clear understanding and explanation of whether an increase in the national debt should be a cause for concern. 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		
	• Different impact on different eurozone countries - "Greece … at 176.9% of GDP followed by Portugal at 133.4% of GDP" / "Estonia, on the other hand, has a debt of only 9.6% of GDP" • If the amount of borrowing increase is less than growth in the medium term each year, then level of debt as a percentage of GDP will fall – "Ireland, … recorded an 8.5 percentage point fall in its debt as a proportion of GDP" • Figure 1 highlights deflation in 2015 / Figure 2 suggests inflation will be unlikely as debts were caused by recession following the financial crisis • Inflation rising and might erode real value of debt –"inflation will be 1.5% in 2018 and 1.7% in 2019" • Interest rates currently low, so cost to the future generations may not be very significant – "keeping interest rates low" / borrowing costs may not be an issue if debt is financed internally • If the debt has been used to fund investment in health/ education/ infrastructure, countries in the eurozone might see long term benefits	

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
4 (d)	**Knowledge and analysis of 2 reasons (up to 6 –2 reasons x 3 marks each):** Identification of a policy (1) + development (up to 2): • Reducing levels of bureaucracy or administrative and regulatory burdens which increases firms costs e.g. through simplifying the process of setting up businesses, buying land, obtaining clearances, etc. – encourages entrepreneurship • Infrastructure spending can create employment leading to multiplier effects / FDI could increase, can lead to wider economic benefits, such as high tax revenue and exports / eliminate bottlenecks in different sectors of the economy • Deregulation of labour markets, e.g. by reducing employment protection legislation making it easier to hire and fire workers / helps lower the costs for firms increasing efficiency and competitiveness • Reducing corporation tax: would encourage new investments on research and development, create jobs and increase production / attract more TNCs who will bring FDI **NB Each policy must relate to how growth can be achieved to attain all 3 marks. Candidates may also use AD/AS diagram in their analysis** **One application from Extract 2:** For e.g. "For countries with small national debts … these reducing bureaucracy and increasing government expenditure on infrastructure" (2) / "those with large national debts … been advised to deregulate their labour markets and reduce corporation tax to increase growth" (2)	**(8)**

<table>
<tr><th>Question Number</th><th>Answer</th><th>Mark</th></tr>
<tr><td>5 (a)</td><td>Knowledge:

Absolute poverty – not being able to afford a basic bundle of goods and services that is necessary for survival, e.g. food, clothing shelter (2)

<u>OR</u> when people earn less than a fixed amount per day PPP $1.90/accept between $1 and $2 a day (2)

Application (1+1 marks):
rapid population growth was the main reason for the increase in absolute poverty (1)
reducing absolute poverty by 10% (1)
nearly 2.5 million people were no longer living in absolute poverty (1)
2 marks for knowledge; 2 marks for application / data reference</td><td>(4)</td></tr>
</table>

Question Number	Answer	Mark
5 (b)	**Knowledge and analysis of 2 reasons (up to 6 –2 reasons x 3 marks each):** Identification of an 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 in Bangladesh • Population growth in Bangladesh may increase technical progress; increasing AS / rightward shift in the PPF • Increase in tax revenues for the government of Bangladesh that can be spent on public services • Population growth at a higher rate than GDP will cause the per capita incomes to fall or remain low • Higher dependency ratio will limit the ability of households to save, increasing the savings gap • High population growth puts a large strain on education, healthcare and infrastructure; would lead to an increase in the levels of government spending (e.g. publically funded health/education) • Effects on the environment: pollution/congestion • Increased pressure, e.g. public transport/housing • Increase supply of labour in Bangladesh leading to fall in wages **One application from Figure 2:** For e.g. • Up until 2000, population growth in Bangladesh has been rising at over 2% every year (2)	**(8)**

Question Number		Mark
5 (c)		**(16)**
Knowledge, application and analysis – indicative content		
	Understanding of microfinance schemes • Helps reduce absolute poverty and increasing incomes (use of Figure 1) – "nearly 2.5 million people were no longer living in absolute poverty": improved access to basic necessities; low health issues; less social dislocation / collateral available to start up own business • Diversify the borrowers' economic activities and allows them to generate income through different means, thereby helping them spread risks and add riskier investments without increasing their overall risk – "non-farm activities, the income growth was almost 29% higher than that of those who focused primarily on farming." • More available credit due to the growth of MFIs has allowed for higher borrowing in the non-farm sectors – "reduction in absolute poverty for this group was almost 8% higher." • Has improved human capital development that could increase productivity and competitiveness; less likelihood to be stuck in poverty trap as they have better access to education and likely to get high skilled jobs in the future – "positive impacts on labour supply and children's schooling." • Further scope of development through targeted use – "capital should be directed towards small and medium enterprises that generate employment" **N.B. Candidates may take either perspective as analysis and reverse arguments for evaluation**	

Level	Mark	Descriptor
Level 0	0	A completely inaccurate response.
Level 1	1-3	Shows some awareness of the effectiveness of microfinance schemes 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.
Level 2	4-6	Understanding and explanation of the effectiveness of microfinance schemes. 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 3	7-8	Clear understanding and explanation of the effectiveness of microfinance schemes with appropriate application to the 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		
	Microfinance schemes are not effective: • Interest rates charged are high for the poor households; if the "MFI maximum interest rate which is currently 27%" is not lowered, this will have limited impact on borrowing – "In addition, few economists fear that borrowers may be charged high interest rates" • There is lack of transparency and accountability – "Concerns remain about debt collection methods of MFIs": it might restrict the development if used poorly • Not effective if not used for purchasing capital but spent towards consumption or for paying off existing loans – "loans have been used to fund consumption and to help people buy the basic necessities" / "They end up taking out new loans to repay the old ones, getting into further debt." • Even if new businesses are set up, it is unlikely the scheme will work if there is no demand for their goods – "new entrepreneurs encounter a lack of consumer demand. Their potential customers have low incomes" • Those who borrow microfinance are using it for producing low added value goods – "more basket-making and fruit-selling enterprises that will only maintain the informal economies of developing countries": does not contribute much to GDP • Lack of competition among the MFIs lowers both efficiency and productivity – "and promoting more competition amongst the MFIs" that might exploit poor households / misallocation of scarce resources and smaller range of services available for households • Entrepreneurs lack skills / human capital; it does not allow them to expand non-farm activities into more profitable sectors – "many entrepreneurs lack the necessary skills" • Might not reduce poverty if borrowers become dependent on MFIs	

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		
	• "Reducing capital flight" - currency is unlikely to fall / helps fill the savings and foreign exchange gap; might lead to increases in investment and economic growth / improving standard of living by lowering poverty / lowers tax burden on the poor households as it does not reduce tax base • "Providing subsidies" help SMEs to lower cost of production, allowing them to gain high producer surplus creating employment; could make them internationally competitive and achieve growth • "Giving unemployment benefits" may encourage entrepreneurs to take risks and set up business, allowing them to become self-reliant by earning higher profits from their businesses • Investment in education and healthcare, for eg – increased schooling for children and women; fall in infant mortality rates and less spread of diseases due to greater immunisation	

Level	Mark	Descriptor
Level 0	0	A completely inaccurate response.
Level 1	1-3	Shows some awareness of the policies that could be implemented to reduce absolute poverty with limited explanation. 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 policies that could be implemented to reduce absolute poverty. 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 policies that could be implemented to reduce absolute poverty 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		
	• Prioritisation of factors discussed • Capital flight could lead to repatriation of profits and interest, and remittances of dividends – may help the developing economies achieve long-term sustainable economic growth and macroeconomic stability • Risk of giving subsidies to inefficient SMEs – leading to misallocation of resources; encourage inefficiency; giving subsidies may create competition – SMEs are unlikely to gain any economies of scale / there will be undesirable duplication of existing services on offer in the sector / SMEs may resort to unfair and misleading promotional tactics to entice poor vulnerable families • Providing unemployment benefits are a significant cost to the government and adds to the fiscal deficit; it might encourage entrepreneurs to start businesses that are very risky but do not carry potential rewards • Investment in education and healthcare carry time lags / depends of quality of education and healthcare provided / opportunity cost to the government	

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 • 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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