



**Economics Questions By Topic:**

**Emerging & Developing Economies  
(4.3)**

**Mark Scheme**

**A-Level Edexcel Theme 4**

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## SECTION A

Question Number	Answer	Mark
<b>1(a)</b>	<p style="text-align: center;"><b>Knowledge 2, Application 1, Analysis 1</b></p> <p><b>Knowledge/Understanding:</b> Up to 2 marks for e.g.</p> <ul style="list-style-type: none"> <li>• Enabling growth/prevent recession</li> <li>• Providing temporary loans/credit</li> <li>• Promoting economic stability</li> <li>• Promoting international monetary cooperation</li> <li>• Promoting exchange rate stability</li> </ul> <p><b>Application:</b> 1 mark for relevant example e.g.</p> <ul style="list-style-type: none"> <li>• \$57bn lent to Argentina</li> <li>• Money helps to stabilise currency</li> <li>• Money enables Argentinian government to continue repayments on its debt</li> <li>• Other relevant examples</li> </ul> <p><b>Analysis:</b> Up to 1 mark for e.g.</p> <ul style="list-style-type: none"> <li>• Countries such as Argentina relied on IMF as it would be too risky for financial markets to lend to them</li> <li>• IMF will insist on reforms to economy as part of financial assistance</li> </ul>	<b>(4)</b>

Question Number	Answer	Mark
<b>1(b)</b>	<p><b>The only correct answer is B</b></p> <p><i>A is not correct because that refers to an increase in the value of the currency</i></p> <p><i>C is not correct because that refers to direct intervention in the currency markets</i></p> <p><i>D is not correct because that refers to an increase in the value of the currency</i></p>	<b>(1)</b>

Question Number	Answer	Mark
<b>2(a)</b>	A	<b>(1)</b>

Question Number	Answer	Mark
<b>2(b)</b>	<p style="text-align: center;"><b>Knowledge 2, Application 1, Analysis 1</b></p> <p><b>Knowledge/understanding:</b> 1+ 1 for limitations:</p> <ul style="list-style-type: none"> <li>• ignores qualitative factors, such democracy, quality of education or human rights for example (1)</li> <li>• ignores other measures ranging from gender equity, proportion of workforce in agriculture to environmental biodiversity (1)</li> <li>• ignores income distribution (1)</li> <li>• PPP values change very quickly and are likely to be inaccurate or misleading (1)</li> </ul> <p><b>Analysis:</b> 1 mark for linked development.</p> <p><b>Application:</b> 1 mark for reference to the data e.g. Vietnam's HDI 0.666.</p>	<b>(4)</b>

**END OF SECTION A**

**SECTION B**

Question Number	Answer	Mark
<b>3(a)</b>	<p style="text-align: center;"><b>Knowledge 1, Application 2, Analysis 2</b></p> <p>Calculate 2011 total:  <math>10.29\text{m} \times \\$123 = \\$1\,265.67 \text{ million (2)}</math></p> <p>Calculate 2012 total:  <math>10.55\text{m} \times \\$83 = \\$875.65 \text{ million (2)}</math></p> <p>Change = <math>\\$1\,265.67 \text{ million} - \\$875.65 \text{ million}</math>  <math>= -\\$390.02 \text{ million} / 390.02 \text{ million}</math></p> <p>Award full 5 marks for correct answer</p> <p>Award 4/5 marks for \$390.02</p> <p><b>N.B. When interpreting graph:</b>            For 2011 allow range of values: 10.25m - 10.35m            For 2012 allow range of values: 10.5m – 10.6m</p>	<b>(5)</b>

Question Number	Answer	Mark
3(b)	<p style="text-align: center;"><b>Knowledge 2, Application 2, Analysis 2, Evaluation 2</b></p> <p><b>Knowledge/Understanding:</b> Likely benefits identified (1+1), e.g.</p> <ul style="list-style-type: none"> <li>• Increase in size of workforce (1)</li> <li>• Increase in consumption (1)</li> <li>• Increase in government tax revenue (1)</li> <li>• Increase in economic output of the country (1)</li> </ul> <p><b>Analysis:</b> Linked development of each factor (1+1), e.g.</p> <ul style="list-style-type: none"> <li>• Increase in AS as country now has a larger workforce so can produce more (1)</li> <li>• More consumers creates more demand for Rwandan firms, increasing AD and economic growth (1)</li> <li>• More government spending on education/infrastructure to further improve AS (1)</li> </ul> <p><b>Application:</b> 2 marks (1+1) for reference to the data/candidates' own knowledge, e.g.</p> <ul style="list-style-type: none"> <li>• Population grew from 10.8m in 2013 (1) to 11.4m in 2015 (1)</li> <li>• Population grew by 5.6% from 2013 to 2015 (2)</li> <li>• Rwanda's GDP grew by almost 9% in 2015 (1)</li> <li>• Absolute poverty declined by 20 percentage points from 2001 to 2014 (1)</li> </ul> <p><b>Evaluation:</b> 2 marks for two evaluative comments OR 2 marks for identification and linked development of one comment Evaluative comments (1+1), e.g.</p> <ul style="list-style-type: none"> <li>• Larger population may increase unemployment if number of jobs do not also increase (1)</li> <li>• Government expenditure on providing education, health, etc. may increase (1), cancelling out benefits from extra tax revenue (1)</li> </ul> <p>Impact on AD/AS may be shown diagrammatically</p>	<b>(8)</b>

Question Number	Indicative Content	Mark
<b>3(c)</b>	<p style="text-align: center;"><b>Knowledge 2, Application 2, Analysis 2,</b></p> <ul style="list-style-type: none"> <li>• Aid has fallen from around \$103 per capita to around \$91</li> <li>• Less funding for supply-side policies such as improvements to education, which may impact Rwanda's 'near-universal primary school enrolment' and healthcare- perhaps slowing the fall in child mortality, which has dropped by two-thirds</li> <li>• Less injections into Rwanda's circular flow of income/less aggregate demand in Rwanda</li> <li>• Fall in standard of living in Rwanda</li> <li>• Less investment/capital accumulation (Harrod-Domar model)</li> <li>• Reduction in support to lift people out of absolute poverty- perhaps absolute poverty won't fall further than the 39% it was in 2017</li> <li>• Less funding for schemes to reduce inequality</li> <li>• Increase in Rwanda's budget deficit/national debt as government attempt to make up for shortfall in aid funding</li> </ul>	<b>(6)</b>

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1-2	Displays isolated or imprecise knowledge and understanding of terms, concepts, theories and models. Use of generic or irrelevant information or examples. Descriptive approach which has no link between causes and consequences.
Level 2	3-4	Displays elements of knowledge and understanding of economic principles, concepts and theories. Applies economic ideas and relates them to economic problems in context, although does not focus on the broad elements of the question. A narrow response or the answer may lack balance.
Level 3	5-6	Demonstrates accurate knowledge and understanding of the concepts, principles and models. Ability to link knowledge and understanding in context using relevant and focused examples which are fully integrated. Economic ideas are applied appropriately to the broad elements of the question.

Question Number	Indicative Content	Mark
<b>3(c)</b> continued	<b>Evaluation 4</b>	
	<ul style="list-style-type: none"> <li>• Private investment may have increased over time</li> <li>• Government may now be more capable of funding education/healthcare schemes</li> <li>• Significance of fall in aid funding</li> <li>• Aid money increased the following year</li> <li>• Absolute poverty decline 59% to 39% 2001 to 2014 (or other references to extract B) suggesting there is less need for aid</li> </ul>	<b>(4)</b>

Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1-2	Identification of generic evaluative comments without supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	3-4	Evaluative comments supported by relevant reasoning and appropriate reference to context. Evaluation recognises different viewpoints and/or is critical of the evidence.



Question Number	Indicative content	Mark
<b>3(d)</b>	<p style="text-align: center;"><b>Knowledge 3, Application 3, Analysis 3</b></p> <p>Policies the Rwandan government could use include:</p> <ul style="list-style-type: none"> <li>• Subsidising textile manufacturers to purchase new machinery to increase efficiency</li> <li>• Improve infrastructure, e.g. roads &amp; ports, to make it easier/cheaper for Rwandan firms to export their clothing</li> <li>• Increased education spending to improve efficiency of workforce</li> <li>• Investment in cheaper renewable electricity for factories to reduce their costs</li> <li>• Deregulation to increase efficiency</li> <li>• Reduce corporation tax to encourage firms to invest more</li> <li>• Incentives to encourage FDI into Rwandan manufacturing industry</li> </ul> <p><b>NB: Do not award discussion of import tariffs</b></p>	<b>(9)</b>

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1-3	Displays isolated or imprecise knowledge and understanding of terms, concepts, theories and models. Use of generic or irrelevant information or examples. Descriptive approach which has no chains of reasoning or links between causes and consequences.
Level 2	4-6	Displays elements of knowledge and understanding of economic principles, concepts and theories. Applies economic ideas and relates them to economic problems in context, although does not focus on the broad elements of the question. A narrow response; chains of reasoning are developed but the answer may lack balance.
Level 3	7-9	Demonstrates accurate knowledge and understanding of the concepts, principles and models. Ability to link knowledge and understanding in context using relevant and focused examples which are fully integrated. Economic ideas are carefully selected and applied appropriately to economic issues and problems. The answer demonstrates logical and coherent chains of reasoning.

Question Number	Indicative content	Mark
<b>3(d)</b> continued	<b>Evaluation 6</b>	
	<ul style="list-style-type: none"> <li>• Opportunity cost of government spending- money could have bigger impact on Rwandan economy if invested in other industries or used to improve public services</li> <li>• Rwanda should focus on industries where it has a comparative advantage, not textiles</li> <li>• Time lag for policies to have any significant impact</li> <li>• Risk of corruption, e.g. funding for construction projects may not be spent where it was intended</li> <li>• Highly educated workforce may emigrate to more developed countries that offer higher wages</li> </ul>	<b>(6)</b>

Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1-2	Identification of generic evaluative comments without supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	3-4	Evidence of evaluation of alternative approaches which is unbalanced. Evaluative comments with supporting evidence/reference to context and a partially-developed chain of reasoning.
Level 3	5-6	Evaluative comments supported by relevant chain of reasoning and appropriate reference to context. Evaluation recognises different viewpoints and/or is critical of the evidence.

Question Number	Answer	Mark
4(a)	<p style="text-align: center;"><b>Knowledge 2, Application 2, Analysis 1</b></p> <p><b>Knowledge/Understanding:</b> Up to 2 marks for e.g.</p> <ul style="list-style-type: none"> <li>• Guaranteed minimum price (1)</li> <li>• Reduced fluctuations in income/price (1)</li> <li>• Fairtrade farmers/growers/suppliers receive a higher price for their crops (1)</li> <li>• Fairtrade 'premium' paid to farmers/growers/suppliers (1)</li> <li>• Extra financial support for farmers/growers/suppliers (1)</li> <li>• Increased income/profit for farmers/growers/suppliers (1)</li> </ul> <p><b>Application:</b> Up to 2 marks for e.g. (1+1 OR 2)</p> <ul style="list-style-type: none"> <li>• 44% of Fairtrade premium was spent on improving business administration and infrastructure</li> <li>• 45% was spent on investing in farm equipment, training, and funding</li> <li>• Price volatility for farmers</li> <li>• Fragile incomes for farmers</li> <li>• Fluctuating world cocoa prices</li> <li>• Diversification into other crops</li> <li>• Median annual income for cocoa farmers in Ivory Coast of US\$2 600/not a living income</li> <li>• Even tripling farm output would not provide a cocoa farmer with a living income</li> </ul> <p><b>Analysis:</b> Up to 1 mark for e.g.</p> <ul style="list-style-type: none"> <li>• Fairtrade is designed to support people in developing countries (1)</li> <li>• Farmers can use additional income to invest into their business (1)</li> <li>• Fairtrade is democratic in the sense that farmers can choose how to spend their Fairtrade premium money (1)</li> <li>• Alternative to aid using the market system (1)</li> </ul>	<b>(5)</b>

Question Number	Answer	Mark
4(b)	<p style="text-align: center;"><b>Knowledge 2, Application 2, Analysis 2, Evaluation 2</b></p> <p><b>Knowledge/Understanding:</b> Relevant methods identified (1+1), e.g.</p> <ul style="list-style-type: none"> <li>• Diversification</li> <li>• Invest in technology/machinery</li> <li>• Improved use of resources</li> <li>• Increased processing of cocoa beans within the country</li> </ul> <p><b>Application:</b> 2 marks (1+1 OR 2) for reference to the data/candidates' own knowledge, e.g.</p> <ul style="list-style-type: none"> <li>• World cocoa prices plunged by more than a third in 2017</li> <li>• Average cocoa farm yields only half of what could be achieved</li> <li>• Fertilisers/replanting/tractors to increase output/yield</li> <li>• Diversification into livestock/other crops</li> <li>• Producing chocolate bars from cocoa beans</li> </ul> <p><b>Analysis:</b> Linked development of each factor (1+1), e.g.</p> <ul style="list-style-type: none"> <li>• Diversify into other crops to reduce impact of fluctuating prices</li> <li>• Machinery can speed up harvesting and reduce labour costs</li> <li>• Fertiliser can increase output of cocoa so farmers have more to sell</li> <li>• <i>Adding value</i> by processing beans</li> </ul> <p><b>Evaluation:</b> 2 marks for two evaluative comments OR 2 marks for identification and linked development of one comment Evaluative comments (1+1), e.g.</p> <ul style="list-style-type: none"> <li>• Significance of different methods</li> <li>• Improvements will only occur in the long term</li> <li>• Increasing cocoa yields will further reduce cocoa prices</li> </ul>	<b>(8)</b>

Question Number	Indicative Content		Mark
<b>4(c)</b>	<p style="text-align: center;"><b>Knowledge 2, Application 2, Analysis 4</b></p> <ul style="list-style-type: none"> <li>• Fluctuating prices make it hard for farmers to plan ahead for future purchases of seeds, equipment, etc. and will discourage investment into the farm to improve productivity</li> <li>• Falling cocoa prices reduce profits for farmers</li> <li>• Falling cocoa prices reduce the Ivory Coasts' terms of trade, affecting their ability to buy important imports such as capital equipment</li> <li>• Fluctuating current account</li> <li>• Cocoa is over half of Ivory Coast's exports and thus is a significant part of the country's economy and changes will have a big impact on AD</li> </ul> <p><b>NB For a Level 3 response candidates must refer specifically to Figure 2</b></p>		<b>(8)</b>
Level	Mark	Descriptor	
	0	A completely inaccurate response.	
Level 1	1-2	Displays isolated or imprecise knowledge and understanding of terms, concepts, theories and models. Use of generic or irrelevant information or examples. Descriptive approach which has no chains of reasoning or links between causes and consequences.	
Level 2	3-5	Displays elements of knowledge and understanding of economic principles, concepts and theories. Applies economic ideas and relates them to economic problems in context, although does not focus on the broad elements of the question. A narrow response; chains of reasoning are developed but the answer may lack balance.	

Level 3	6-8	Demonstrates accurate knowledge and understanding of the concepts, principles and models. Ability to link knowledge and understanding in context using relevant and focused examples which are fully integrated. Economic ideas are carefully selected and applied appropriately to economic issues and problems. The answer demonstrates logical and coherent chains of reasoning.
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Question Number	Indicative Content	Mark
<b>4(c)</b> continued	<b>Evaluation 4</b>	
	<ul style="list-style-type: none"> <li>• Ivory Coast has comparative advantage in cocoa (climate, soil, etc.) so they should specialise in this to maximise output</li> <li>• Growth of schemes such as Fairtrade will help in the future</li> </ul>	<b>(4)</b>

Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1-2	Identification of generic evaluative comments without supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	3-4	Evaluative comments supported by relevant reasoning and appropriate reference to context. Evaluation recognises different viewpoints and/or is critical of the evidence.

Question Number	Indicative Content	Mark
4(d)	<p style="text-align: center;"><b>Knowledge 2, Application 2, Analysis 2,</b></p> <p>Possible policies might include e.g.:</p> <ul style="list-style-type: none"> <li>• Supply-side policies to improve productivity such as improved education or healthcare will make workforce more efficient and thus reduce per unit costs to better compete with cheaper imports (allow more than one supply-side policy)</li> <li>• Deregulation policies (e.g. labour laws) to reduce production costs for firms and therefore they will be able to compete on price with other African countries better</li> <li>• Investment in infrastructure to reduce transport costs for exporters</li> <li>• Subsidies provided by the government to help firms adjust to new competition, e.g. could be used to purchase new, more efficient machinery</li> <li>• Demand-side policies such as reduction in taxes on businesses to reduce their costs and increase competitiveness on price</li> </ul>	<b>(6)</b>

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Displays isolated or imprecise knowledge and understanding of terms, concepts, theories and models. Use of generic or irrelevant information or examples. Descriptive approach which has no link between causes and consequences.
Level 2	3–4	Displays elements of knowledge and understanding of economic principles, concepts and theories. Applies economic ideas and relates them to economic problems in context, although does not focus on the broad elements of the question. A narrow response or the answer may lack balance.
Level 3	5–6	Demonstrates accurate knowledge and understanding of the concepts, principles and models. Ability to link knowledge and understanding in context using relevant and focused examples which are fully integrated. Economic ideas are applied appropriately to the broad elements of the question.

Question Number	Indicative Content	Mark
<b>4(d)</b> continued	<b>Evaluation 4</b>	
	<ul style="list-style-type: none"> <li>• Education investment will take a long time until those students enter the workforce</li> <li>• Opportunity cost for the government of investment</li> <li>• Potential side effects of wage-related policies</li> </ul>	<b>(4)</b>

Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1–2	Identification of generic evaluative comments without supporting evidence/ reference to context. No evidence of a logical chain of reasoning.
Level 2	3–4	Evaluative comments supported by relevant reasoning and appropriate reference to context. Evaluation recognises different viewpoints and/or is critical of the evidence.



Question Number	Indicative content	Mark
<b>5</b>	<p style="text-align: center;"><b>Knowledge 3, Application 3, Analysis 3</b></p> <p>The role of the financial sector in the growth and development in developing countries includes:</p> <ul style="list-style-type: none"> <li>• facilitating saving so banks have more funds for lending, facilitating investment and therefore growth</li> <li>• promoting lending to enable more investment in the economy</li> <li>• exchanging currencies- enabling firms to imports parts and materials- often more cheaply- and also enabling them to export - helping to increase size of their market</li> <li>• providing a market for equities</li> <li>• Harrod-Domar model</li> <li>• Microfinance</li> <li>• Central banks/international organisations</li> </ul> <p><b>NB For a Level 3 response candidates must refer specifically to growth/development in a developing country/countries/regions</b></p>	<b>(9)</b>

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–3	Displays isolated or imprecise knowledge and understanding of terms, concepts, theories and models. Use of generic or irrelevant information or examples. Descriptive approach which has no chains of reasoning or links between causes and consequences.
Level 2	4–6	Displays elements of knowledge and understanding of economic principles, concepts and theories. Applies economic ideas and relates them to economic problems in context, although does not focus on the broad elements of the question. A narrow response; chains of reasoning are developed but the answer may lack balance.
Level 3	7–9	Demonstrates accurate knowledge and understanding of the concepts, principles and models. Ability to link knowledge and understanding in context using relevant and focused examples which are fully integrated. Economic ideas are carefully selected and applied appropriately to economic issues and problems. The answer demonstrates logical and coherent chains of reasoning.

Question Number	Indicative content	Mark
<b>5</b> continued	<b>Evaluation 6</b>	
	<ul style="list-style-type: none"> <li>• Clear rule of law required for financial sector to develop</li> <li>• Risk of corruption</li> <li>• Risk of market failure in financial markets</li> <li>• Lack of financial literacy in developing countries may limit potential</li> <li>• Other factors may play a larger role, e.g. healthcare, infrastructure, education</li> </ul>	<b>(6)</b>

Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1–2	Identification of generic evaluative comments without supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	3–4	Evidence of evaluation of alternative approaches which is unbalanced. Evaluative comments with supporting evidence/reference to context and a partially-developed chain of reasoning.
Level 3	5–6	Evaluative comments supported by relevant chain of reasoning and appropriate reference to context. Evaluation recognises different viewpoints and/or is critical of the evidence.

Question Number	Answer	Mark
6	<p style="text-align: center;"><b>Knowledge 2, Application 2, Analysis 2, Evaluation 2</b></p> <p><b>Knowledge/understanding:</b> 2 marks for identification of two factors (1+1)</p> <p><b>Analysis:</b> 2 marks for linked explanation of how these factors constrain growth (1+1), e.g.</p> <ul style="list-style-type: none"> <li>• land-locked (1) therefore high transport costs so limited opportunities for international trade (1)</li> <li>• low tax revenue (1) meaning government has insufficient funds for investment in education (1)</li> <li>• primary product dependency (1) price volatility leading to uncertain levels of income/investment (1)</li> <li>• civil war (1) destruction of infrastructure which discourages investment (1).</li> </ul> <p><b>Application:</b> 2 marks for reference to the data (1+1), e.g.</p> <ul style="list-style-type: none"> <li>• coffee and tea make up almost 70% of Burundi's export earnings</li> <li>• high level of tax exemptions – 3% of GDP.</li> </ul> <p><b>Evaluation:</b> 2 marks for two evaluative comments, e.g.</p> <ul style="list-style-type: none"> <li>• civil war as a temporary factor (1)</li> <li>• government might get money through aid (1)</li> </ul> <p>OR</p> <p>2 marks for identification and linked development, e.g.</p> <ul style="list-style-type: none"> <li>• growth of emerging economies (1) has led to increase in primary product prices (1)</li> <li>• FDI by China (1) has led to improved infrastructure (1).</li> </ul>	<b>(8)</b>

Question Number	Answer	Mark
<b>7(a)</b>	<p>Possible benefits include: (up to 5 marks; maximum 2 for identification only) and <i>5 marks for evaluation</i>:</p> <ul style="list-style-type: none"> <li>• Specialisation based on law of comparative advantage leading to an increase in the rate of economic growth and higher living standards <i>But: argument that development is associated with industrialisation</i></li> <li>• Improvement in the current account of the balance of payments when prices of agricultural products are rising <i>But: problems of large price fluctuations associated with price inelastic demand and supply. Also, price fall more recently</i></li> <li>• Reduction in unemployment because agriculture tends to be labour intensive in developing countries <i>But: inflationary pressures may limit the increase in competitiveness (or may be only a short term benefit)</i></li> <li>• High income elasticity of demand for some agricultural products e.g. quinoa <i>But: in a recession, demand may fall significantly</i></li> </ul> <p>Application (2 x 1 mark) e.g.</p> <ul style="list-style-type: none"> <li>• Soya represents about 60% of national farming yield</li> <li>• Soya alone represents Bolivia's third-biggest source of foreign exchange</li> <li>• Government plans to boost the area of land under cultivation from 2.7 million hectares in 2014 to 4.5 million hectares by 2020</li> <li>• Increased price of quinoa: \$1 in 2007 to almost \$5 in 2014</li> <li>• Quinoa exports soared from 4,900 tonnes in 2005 to 35,000 tonnes in 2013</li> <li>• Reference to Fig 2: significance of agriculture to Bolivian economy</li> </ul> <p><i>Evaluation marks (points in italics above): 2 + 3; or 2 + 2 + 1.</i></p>	<b>(12)</b>

Level	Mark	Descriptor
<b>Level 1</b>	1-2	2 marks for identification of 2 benefits;
<b>Level 2</b>	3-7	2 marks for identification of 2 benefits; 2 for application as indicated above; 3 for analysis of at least 2 issues
<b>Level 3</b>	8-12	2 marks for identification of 2 benefits; 2 for application as indicated above; 3 for analysis of at least 2 issues; 5 marks for up to 3 evaluative points (2 + 3; or 3 + 2; or 2 + 2 + 1)

Question Number	Answer	Mark
7(b)	<p><b>For knowledge, application and analysis: 9 marks</b> for up to 3 points (up to 5 marks for any one point)  <b>Evaluation: 6 marks:</b> (3 + 3; 4 + 2; or 2 + 2 + 2 marks)</p> <p>Issues considered could include:</p> <ul style="list-style-type: none"> <li>• Diversification away from dependence on primary products and reducing sectoral imbalance  <i>But: may not be appropriate if Bolivia does not have a comparative advantage in tourism</i></li> <li>• Foreign direct investment may increase e.g. in new infrastructure. This would cause an increase in both AD and LRAS so causing an increase in real output and incomes  <i>But: profits could be repatriated to global companies abroad</i></li> <li>• Economic growth  Demand for tourism likely to be income elastic. Therefore, if world growth is positive, demand for tourism will increase more than proportionately  <i>But: will be subject to fluctuations related to state of the global economy</i></li> <li>• Impact of balance of payments  Tourism benefits the current account through the services balance and the financial account through FDI  <i>But: Imports may increase to meet the needs of tourists e.g. food and profits could be repatriated to global companies abroad</i></li> <li>• Employment  Tourism is a labour intensive industry so many jobs could be created  <i>But: these may be low paid and seasonal</i></li> <li>• Public finances: Increased tax revenues: may increase as a result of revenues from increased employment, expenditure by tourists; tourist taxes  <i>But increased public expenditure on waste disposal, policing, infrastructure</i></li> </ul> <p><i>Additional evaluative point:</i></p> <ul style="list-style-type: none"> <li>• <i>Environmental impact: negative externalities e.g. pollution, waste, water supply</i></li> </ul> <p>NB If answer focuses solely on economic growth then maximum 7/9 for KAA</p>	<b>(15)</b>

Level	Mark	Descriptor
<b>Level 1</b>	1-4	2 marks for identification of 2 issues; 2 for application (2 data references/examples)
<b>Level 2</b>	5-9	2 marks for identification of 2 issues; 2 for application (2 data references/examples); 5 for analysis of at least 2 issues
<b>Level 3</b>	10-15	2 marks for identification of 2 issues; 2 for application (2 data references/examples); 5 for analysis of at least 2 issues; 6 marks for up to 3 evaluative points (3 + 3; 4 + 2; or 2 + 4; or 2 + 2 + 2)

Question Number	Answer	Mark
<b>8</b>	<p>Answers might include: (1 + 1 + 1: up to 2 marks for identifying 2 factors and 1 mark for explanation of either of them)</p> <ul style="list-style-type: none"> <li>• Increase in GNI per capita;</li> <li>• Increase in expected years of schooling at age 4/ mean years of schooling;</li> <li>• Increase in life expectancy</li> <li>• Only 1 mark for a simple definition of HDI listing its components</li> </ul> <p>Application: 2 specific data references from Figure 1:</p> <ul style="list-style-type: none"> <li>• Recognition of rise in HDI (1)</li> <li>• Reference to data: 1990: 0.5 (1); 2014: just over 0.7 (1)</li> </ul> <p>3 marks for knowledge 2 for application/i.e. 2 data references</p>	<b>(5)</b>

Level	Mark	Descriptor
<b>Level 1</b>	1-3	Up to 3 marks for knowledge – see above
<b>Level 2</b>	4-5	Up to 3 marks for knowledge and 2 marks for 2 data references

Question Number	Answer	Mark
9	<p>Answers might include (2 + 1 or 1 + 2):</p> <ul style="list-style-type: none"> <li>• Surveillance and data collection i.e. the monitoring of economic and financial developments, and the provision of policy advice, aimed especially at crisis-prevention e.g. to reduce the fiscal deficit</li> <li>• Stabilisation e.g. to stabilise the exchange rate</li> <li>• Financial assistance e.g. lending to countries with balance of payments difficulties, to provide temporary financing and to support policies aimed at correcting the underlying problems</li> <li>• To support economic growth</li> <li>• Loans to low-income countries aimed especially at poverty reduction.</li> <li>• Technical assistance and training in its areas of expertise</li> <li>• The development of standards and codes of good practice in its areas of responsibility, and to the strengthening of financial sectors.</li> <li>• Economic forecasting</li> </ul> <p><b>Application (2 marks) :</b> Specific reference to data e.g.</p> <ul style="list-style-type: none"> <li>• Financial assistance because of its persistent current account deficit e.g. 12.3% of GDP in 2014 (1)</li> <li>• Financial assistance to defend its exchange rate (reference to Figure 4 or to Extract 1 e.g. 40% fall in 2014) (1)</li> <li>• Help to reduce its fiscal deficit e.g. 11.8% in 2013; 10.1% in 2014 (2)</li> </ul> <p>3 marks for knowledge</p> <p>2 for application/i.e. 2 data references</p>	(5)

Level	Mark	Descriptor
<b>Level 1</b>	1-3	Up to 3 marks for knowledge – see above
<b>Level 2</b>	4-5	Up to 3 marks for knowledge and 2 marks for data references



Question Number	Answer:	Mark
<b>10</b>	<p>1 mark for identification of one reason; up to 3 for analysis</p> <p>Arguments include:</p> <ul style="list-style-type: none"> <li>• To provide employment for the population</li> <li>• To reduce dependence on imports/to reduce the trade in goods (or current account) deficit</li> <li>• Theoretical basis: Lewis model: workers transfer from low productivity agricultural sector to more productive industrial sector so leading to a higher rate of economic growth and development</li> <li>• Large, relatively low-skilled population</li> <li>• Increasing levels of competition, which would drive down prices/improves quality of goods domestically</li> </ul> <p>Analysis <b>must</b> link to development; otherwise no more than 1 analysis mark per point.</p> <p>Application 2 data references (1+1) e.g.:</p> <ul style="list-style-type: none"> <li>• Current account deficit was 4% of GDP in 2011 and 2012 (1)</li> <li>• Manufacturing grew by 5.7% (1) in the 1990s whereas services grew by 10% (1)</li> <li>• the contribution of India's manufacturing to the GDP is only 15% (1) but 40% in China (1)</li> </ul> <p><i>Evaluation (up to 4 marks: 2 + 2; 3 + 1)</i></p> <ul style="list-style-type: none"> <li>• <i>Some economies have developed successfully on the basis on strong service sectors</i></li> <li>• <i>A trade in services surplus might be sufficient to offset a trade in goods deficit and/or there might be a surplus on the financial account</i></li> <li>• <i>Stimulating domestic manufacturing might increase growth but might not necessarily result in increased development</i></li> <li>• <i>Manufacturing tends to be fairly mobile/footloose, simply seeks out lowest wage</i></li> <li>• <i>Competition from other countries may put a cap on wages and therefore development</i></li> </ul>	<b>(10)</b>

Level	Mark	Descriptor
<b>Level 1</b>	1-3	1 mark for identification of one argument; 2 for application
<b>Level 2</b>	4-6	1 mark for identification of one argument; 2 for application; 3 for analysis.
<b>Level 3</b>	7-10	1 mark for identification of one argument; 2 for application); 3 for analysis; 4 marks for any 2 evaluative points (2 + 2; 1 + 3; or 3 + 1)

Question Number	Answer:	
<b>11 (a)</b>	<p>Reasons include:</p> <ul style="list-style-type: none"> <li>• To exploit raw materials in developing countries</li> <li>• TNC investment in developing countries to take advantage of low wages, few environmental regulations</li> <li>• Developing economies less affected by the financial crisis than developed economies - increasing incomes/emerging consuming classes in developing countries</li> <li>• Developed economies suffering from aftermath of financial crisis with low growth and weak confidence</li> <li>• More trade agreements between developing world (eg Asean)</li> <li>• Rising populations</li> <li>• Improvements in infrastructure enabling re-export of finished goods</li> <li>• Improvements in education and skills of the workforce</li> </ul> <p>Also credit reasons why FDI flows are falling to developed economies. For example:</p> <ul style="list-style-type: none"> <li>• Slow growth/falling real incomes</li> <li>• Rising unemployment</li> </ul> <p>For each reason: 1 mark for identification and up to 2 for analysis</p> <p>Application: 2 marks for 2 references (1+1): e.g.</p> <ul style="list-style-type: none"> <li>• FDI inflows to developing countries were 52% (1) of the total in 2012</li> <li>• Whereas FDI inflows to developed economies were just 41.5% (1) in 2012</li> </ul>	
Level	Mark	Descriptor
<b>Level 1</b>	1-2	2 marks for identification of two points
<b>Level 2</b>	3-4	2 marks for identification; 2 for application: 2 data references
<b>Level 3</b>	5-8	2 marks for identification; 2 for application: 2 data references; 4 for analysis of the 2 points identified.

Question Number	Answer:	Mark
<b>11 (b)</b>	<p>1 mark for identification of one reason; up to 3 for analysis</p> <p>Factors include:</p> <ul style="list-style-type: none"> <li>• Tax incentives e.g. lower rate of corporation tax</li> <li>• Investment allowances and tax credits</li> <li>• Trade liberalisation</li> <li>• Limited administrative and legal obstacles</li> <li>• Export processing zones</li> <li>• Government subsidies e.g. rent/capital</li> <li>• Property rights clearly defined</li> <li>• Rule of law</li> <li>• Improvements in education to improve human capital</li> <li>• Improvements in healthcare</li> <li>• Improvements in infrastructure especially transport</li> <li>• Reductions in capital controls</li> <li>• General policies which improve macroeconomic growth</li> </ul> <p>Application: reference to data or to specific examples from own knowledge (1+1) e.g. 'prioritised infrastructure'; 'targeted education'; named countries related to an identification point.</p> <p><i>Evaluation (up to 4 marks: 2 + 2; 3 + 1):</i></p> <ul style="list-style-type: none"> <li>• <i>Political links may be more important than fiscal measures</i></li> <li>• <i>TNCs may not be attracted by above factors if there is poor infrastructure and/or poorly educated workforce and/or civil war or internal unrest</i></li> <li>• <i>Cost implications of some measures may make them unrealistic</i></li> <li>• <i>Prioritisation of factors; consideration of relative effectiveness</i></li> </ul>	<b>(10)</b>

Level	Mark	Descriptor
<b>Level 1</b>	1-3	1 mark for identification of one method; 2 for application
<b>Level 2</b>	4-6	1 mark for identification of one method; 2 for application 3 for analysis.
<b>Level 3</b>	7-10	1 mark for identification of one method; 2 for application); 3 for analysis; 4 marks for any 2 evaluative points (2 + 2; 1 + 3; or 3 + 1)

Question No.	Assess the implications for the Russian economy of its dependence on oil and gas.	Mark
<b>12</b>	<p>Issues include (up to 5 marks; maximum 2 for identification only) and <i>5 marks for evaluation</i>:</p> <ul style="list-style-type: none"> <li>• Tax revenues heavily dependent on oil <i>But: with rapid growth in GDP over recent years there is an opportunity to widen the tax base</i></li> <li>• Export earnings heavily dependent on oil <i>But: Russia may gain revenues in the future from FDI</i></li> <li>• Fluctuations in oil price has significant implications for economic growth <i>But: oil price might remain high because supplies are declining and demand continues to increase</i></li> <li>• Oil reserves are being depleted <i>But: irrespective of oil price, the economy is unbalanced</i></li> <li>• International agreements aimed at reducing carbon emissions <i>But difficult to agree and enforce</i></li> <li>• Development of alternative sources of energy <i>But growing demand for energy might result in minimal impact on demand for oil and gas</i></li> <li>• Appreciation of the country's exchange rate resulting in decline in the manufacturing sector (Dutch disease) <i>But other factors may have a more significant impact on the exchange rate</i></li> <li>• Increased inequality</li> </ul> <p><i>Credit responses which make reference to recent events (e.g. Russian annexation of Crimea) which, in the long run, might result in a reduction in demand for Russian oil and gas.</i></p> <p>Application (2 marks): Oil and gas provide half the government's revenue and almost 70% of export earnings (1 + 1) or reference to Figure 3 showing correlation between oil price and current account balance (1 mark for general reference and 1 mark for specific data reference)</p> <p><i>Evaluation marks (points in italics above): 2 + 3; or 2 + 2 + 1.</i></p>	<b>(12)</b>
Level	Mark	Descriptor
<b>Level 1</b>	1-2	2 marks for identification of 2 issues;
<b>Level 2</b>	3-7	2 marks for identification of 2 issues; 2 for application as indicated above; 3 for analysis of 2 problems
<b>Level 3</b>	8-12	2 marks for identification of 2 issues; 2 for application as indicated above; 3 for analysis of 2 problems; 5 marks for up to 3 evaluative points (2 + 3; or 3 + 2; or 2 + 2 + 1)

Question Number	Answer	Mark
<b>13(a)</b>	<p>Possible benefits: (2 marks for identification; 4 for analysis i.e. 2 x 2 marks)</p> <ul style="list-style-type: none"> <li>• Better communications enables business to become more productive; <b>easier to trade with other countries</b></li> <li>• Easier to make payments/development of informal banking system</li> <li>• <b>Both of above would encourage FDI</b></li> <li>• <b>Mobile phones/internet also allows markets to become more efficient; reducing barriers to entry on the supply side; and improving the flow of information reducing market failure on the demand side.</b></li> <li>• Creation of consumer society</li> <li>• <b>Increased employment opportunities resulting from improved technology</b></li> </ul> <p><b>Analysis of above points could include impact on in aggregate demand, long run aggregate supply and economic growth</b></p> <p>2 marks for 2 data references from the <b>fifth</b> paragraph e.g. 60 million mobile phones; market expanding at 20% per year; 40-fold fall in internet connection costs; 2 527% increase in internet usage between 2000 and 2011; 41% of population use mobile phones to pay for goods or specific examples of new technology e.g.fibre optic cables.</p> <p>2 marks for identification; 2 for application and 4 for analysis.</p>	(8)

Level	Mark	Descriptor
<b>Level 1</b>	1-2	2 marks for identification of 2 effects
<b>Level 2</b>	3-4	2 marks for identification of 2 effects; 2 for application as indicated above
<b>Level 3</b>	5-8	2 marks for identification of 2 effects; 2 for application as indicated above and 4 for analysis

Question Number	Answer	Mark
<b>13(b)</b>	<p>Key reasons (Up to 5 marks for knowledge and analysis; maximum 2 marks for identification only):</p> <ul style="list-style-type: none"> <li>Increased demand and value of commodities found in African countries - leading to improved terms of trade, increased foreign currency earnings from exports (could count as 2 points) <i>But: an increase in the terms of trade would reduce competitiveness of the country's goods and services; possibility that price rises will not be maintained in the long run</i></li> <li>Lower birth rates - leading to decreased dependency ratios <i>But: may have greater proportion of elderly people in the longer term. Also, problems such as AIDs, famines and civil wars might reduce the size of the workforce</i></li> <li>Improvements in infrastructure - leading to increased productivity <i>But: evidence that infrastructure is still deficient e.g. power cuts</i></li> <li>Increases foreign direct investment e.g. from China <i>But: possible exploitation of labour and resources by TNCs</i></li> <li>Improvements in education;</li> <li>Aid from developed economies;</li> <li>Improvements in governance;</li> <li>Property rights allocated and enforced; rule of law upheld</li> </ul> <p>For the 2 application marks, there should be reference to 2 relevant examples either from extract or own knowledge. These could be countries or groups of products. <i>Evaluation marks (points in italics above): 2 +3; or 2 + 2 + 1.</i></p>	(12)

Level	Mark	Descriptor
Level 1	1-2	2 marks for identification of 2 reasons;
Level 2	3-7	2 marks for identification of 2 reasons; 2 for application (reference to 2 relevant examples); 3 for analysis of at least 2 reasons
Level 3	8-12	2 marks for identification of 2 reasons; 2 for application (reference to 2 relevant examples); 3 for analysis of at least 2 reasons; 5 marks for up to 3 evaluative points (2 + 3; or 3 + 2; or 2 + 2 + 1)

Question Number	Answer	Mark
13(c)	<p>For knowledge, application and analysis: 9 marks for up to 3 points (up to 5 marks for any one point)  <i>Evaluation: 6 marks: (3 + 3; 4 + 2; or 2 + 2 + 2 marks)</i></p> <p>Factors include:</p> <ul style="list-style-type: none"> <li>• Poor quality of education so human capital is weak resulting in low productivity</li> <li>• Poor infrastructure: interruptions to power supplies disrupting production so reducing economic growth</li> <li>• Corruption: resulting in an inefficient allocation of resources and deterring FDI. This factor is also likely to reduce economic growth.</li> <li>• Conflicts over land and water resulting from climate change</li> <li>• Problems regarding internal security</li> <li>• Primary product dependency</li> <li>• Natural environment</li> <li>• Debt</li> </ul> <p>Also allow as a third issue:</p> <ul style="list-style-type: none"> <li>• Geography: some countries are landlocked and far away from large markets</li> <li>• Legacy of colonialism</li> <li>• Diseases e.g. HIV/AIDs; malaria</li> <li>• Poor health care</li> </ul> <p><i>Evaluation:</i></p> <ul style="list-style-type: none"> <li>• <i>Rapid rates of growth in some countries will enable more resources to be devoted to health and education</i></li> <li>• <i>FDI is increasing rapidly because countries such as China wish to gain access to raw materials and land</i></li> <li>• <i>More democracy might reduce corruption</i></li> <li>• <i>Internal security issues may be short term only</i></li> </ul> <p>Application: 2 marks may be awarded for any 2 relevant examples from extract</p> <p>N.B. If there is no reference to any of the factors identified in Extract 1, then award a maximum of 13/15. If the answer makes no reference to economic development (either explicitly or implicitly) then award a maximum of 7/9 marks for KAA. Therefore, an answer which makes no reference to any of the factors in Extract 1 or to economic development may only achieve a maximum of 11/15.</p>	15

Level	Mark	Descriptor
Level 1	1-4	Identification of one or two factors with superficial analysis
Level 2	5-9	Identification, application and analysis of at least two factors
Level 3	10-15	At least two factors analysed well with at least one convincing evaluative comment

Question Number	Answer	Mark
14(a)	<p>Possible problems include: Key reasons (Up to 5 marks for knowledge and analysis; maximum 2 marks for identification only):</p> <ul style="list-style-type: none"> <li>• Price volatility (price inelastic supply and demand) making it difficult to plan investment and output <i>But possibility of reducing risks by modern farming methods and diversification by producers</i></li> <li>• When prices of primary products are rising, then the exchange rate of the currency is likely to appreciate.  <i>But this would make imports cheaper e.g. of capital goods</i></li> <li>• Fluctuations in producers' revenues <i>But these could be offset by futures contracts/hedging</i></li> <li>• Income inelastic demand for primary products - so incomes of countries producing these products will rise less quickly than countries producing manufactured goods or services <i>But demand for some of Brazil's primary products are likely to be income elastic e.g. tropical fruit, beef, oil</i> <i>However, if demand is income elastic, then it makes producers more vulnerable to world recessions</i></li> <li>• Danger of declining terms of trade (reference may be made to the Prebisch-Singer Hypothesis) - leading to relative fall in living standards <i>But: primary product prices have been increasing over the last decade</i></li> <li>• Some primary products are finite and resources might eventually be exhausted <i>But income gained may be used to diversify into other products</i></li> <li>• Lack of diversification so no balanced growth across the sectors of the economy leading to risk of shocks, lack of structural change  <i>But country may have comparative advantage in primary products so resources are being used in most efficient way</i></li> </ul> <p><i>Evaluation marks (points in italics above): 2 + 3; or 2 + 2 + 1.</i></p>	(12)

Level	Mark	Descriptor
Level 1	1-2	2 marks for identification of two problems;
Level 2	3-7	2 marks for identification of two problems; 2 for application (reference to 2 relevant examples); 3 for analysis of at least 2 reasons
Level 3	8-12	2 marks for identification of two problems; 2 for application (reference to 2 relevant examples); 3 for analysis of at least 2 reasons; 5 marks for up to 3 evaluative points (2 + 3; or 3 + 2; or 2 + 2 + 1)



Question Number	Answer	Mark
14(b)	<p>For knowledge, application and analysis: 9 marks for up to 3 points (up to 5 marks for any one point)  <i>Evaluation: 6 marks: (3 + 3; 4 + 2; or 2 + 2 + 2 marks)</i></p> <p>Benefits include:</p> <ul style="list-style-type: none"> <li>Economic growth: investment is an injection into the circular flow and will have a multiplier effect on GDP  <i>But multiplier may be small</i></li> <li>Increased employment  <i>But: these may be low skill jobs if the TNC brings its own managers and skilled workers</i></li> <li>Increase in skills of the workforce if TNCs invest in training  <i>But would not be the case if only unskilled jobs are created</i></li> <li>Reduction in absolute poverty  <i>But possibility of increased inequality</i></li> <li>Increased tax revenues  <i>But tax avoidance schemes might be used by TNCs</i></li> <li>Technology transfer/New management techniques  <i>But domestic firms might not benefit if technologies are protected by patents</i></li> <li>For balance of payments: inflow into financial account; in medium term inflow into current account because of increase in exports  <i>But: outflow from current account in long term in form of interest, profits and dividends</i></li> </ul> <p>Other evaluative comments:</p> <ul style="list-style-type: none"> <li><i>External costs: e.g. resulting from deforestation; pollution from extra traffic and factories</i></li> <li><i>Finite resources might be exhausted more quickly than would otherwise be the case</i></li> <li><i>Exploitation of labour: low wages; use of child labour</i></li> <li><i>Political influence of TNCs e.g. influence on tax policies</i></li> </ul> <p>Application: 2 marks may be awarded for any 2 relevant examples from own knowledge/use of Figure3/extract  N.B. If there is no reference to any country(s) or to Figure 3 then award a maximum of 7/9 marks for KAA</p>	(15)

Level	Mark	Descriptor
Level 1	1-4	Identification of one or two factors with superficial analysis
Level 2	5-9	Identification, application and analysis of at least two factors
Level 3	10-15	At least two factors analysed well with at least one convincing evaluative comment

Question Number	Answer	Mark
15(a)	Population growing rapidly (1) <b>with some explanation (1)</b> ; OR 1 mark for definition of GDP per capita GDP needs to grow faster than population for living standards to increase (2); Kenya only expected to grow by 3% so resulting in a fall in living standards (2) <b>or 'grew less than 2% in 2009' (2)</b> 3 marks for knowledge, 2 for application/ data reference	(5)
Level	Mark	Descriptor
Level 1	1-3	Up to 3 marks for knowledge - see above
Level 2	4-5	Up to 3 marks for knowledge and 2 marks for one data reference

Question Number	Answer	Mark
15(b)	Reasons include: <ul style="list-style-type: none"> <li>• FDI remained relatively stable</li> <li>• Less integrated into world economy/less dependence on foreign trade</li> <li>• Banks and stock markets less exposed to financial crisis</li> <li>• Oil-rich countries benefited from relatively high oil prices</li> <li>• <b>Commodity price boom</b></li> </ul> <b>Data reference: 'growth rate 3-4% higher' or from extract</b> Could approach this question by considering why advanced economies suffered more than those in SSA	(8)
Level	Mark	Descriptor
Level 1	1	2 marks for identification of two points
Level 2	2-5	2 marks for identification of 2 issues; 2 for application (e.g. one data reference from Figure 1 <b>or from extract</b> )
Level 3	6-8	2 marks for identification of 2 issues; 2 for application(e.g. <b>one</b> data reference from Figure 1 <b>or from extract</b> ) and 4 for analysis of at least two issues ( <b>2 + 2 or 3 + 1</b> )

Question Number	Answer	Mark
15(c)	<p>Benefits could include:</p> <ul style="list-style-type: none"> <li>• Impact on growth - AD/AS analysis; multiplier effect</li> <li>• Employment implications</li> <li>• Inflow into financial account of B/P</li> <li>• Longer term: increase in foreign currency earnings from exports: <b>improvement in current account</b></li> <li>• <b>Boost to tax revenues</b></li> <li>• TNCs might provide new infrastructure</li> <li>• Technology transfer</li> </ul> <p><b>Also: reward analysis of benefits to those making the investments</b></p> <p><b>N.B. Do not reward analysis related to loans or aid</b></p> <p>Evaluation might include:</p> <ul style="list-style-type: none"> <li>• Might limit diversification out of primary products</li> <li>• <b>Overspecialisation, leading to unbalanced or unstable growth, especially when primary product prices are unstable</b></li> <li>• Repatriation of profits to TNCs in developed countries</li> <li>• Employment might be in low skilled jobs only</li> <li>• TNC might exert political influence on governments of these countries</li> <li>• <b>Repatriation of profits: adverse impact on current account of balance of payments</b></li> <li>• <b>TNCs might leave the country - resulting in economic and social disruption</b></li> </ul>	(10)
Level	Mark	Descriptor
Level 1	1-3	1 mark for identification of 1 benefit; 2 for application (reference to 2 specific examples- <b>named countries or primary industries</b> - from data)
Level 2	4-6	1 mark for identification of 1 benefit; 2 for application (reference to 2 specific examples <b>named countries or primary industries</b> from data); 3 for analysis of 2 issues.
Level 3	7-10	1 mark for identification of 1 benefit; 2 for application (reference to 2 specific examples <b>named countries or primary industries</b> from data); 3 for analysis of 2 issues; 4 marks for any 2 evaluative points (2 + 2; 1 + 3; or 3 + 1)

Question Number	Answer	Mark
<b>15(d)</b>	<p>Key issues: Aid might help to...</p> <ul style="list-style-type: none"> <li>• Reduce poverty</li> <li>• Helps to fill savings gap</li> <li>• Helps to fill foreign exchange gap</li> <li>• Impact on AD; multiplier effects</li> <li>• Improvement in infrastructure</li> <li>• Improvement in health and education</li> <li>• Also: Provision of expertise</li> <li>• Provision of new technology</li> </ul> <p>Evaluation might include:</p> <ul style="list-style-type: none"> <li>• Issue of tied aid</li> <li>• Loans may not be at much below market rate</li> <li>• Aid might help to keep corrupt governments in power</li> <li>• Corruption;</li> <li>• Creation of dependency culture: reduction in productivity and efficiency;</li> <li>• Undermining of domestic industries</li> <li>• Time lag before aid trickles down to poorest members of society</li> <li>• Asymmetric information may mean that aid is not used efficiently</li> </ul> <p>Maximum 12/15 if there is no clear application to development (Synoptic element: analysis of economic growth from unit 2. Also, the use of the Economist's tool-kit in analysis and evaluation and in approach to question)</p> <p>Quality of written communication (QWC) is assessed on the candidate's ability:</p> <ul style="list-style-type: none"> <li>• To present an argument and conclude on the basis of that argument</li> <li>• To organise information clearly and coherently</li> <li>• To use economics vocabulary appropriately</li> <li>• To use grammar, spelling and punctuation appropriately</li> </ul>	(15)
Level	Mark	Descriptor
Level 1	1-4	2 marks for identifying 2 points; 2 for application (reference to 2 <a href="#">data references</a> or to 2 examples)
Level 2	5-9	2 marks for identifying 2 points; 2 for application (reference to 2 <a href="#">data references</a> or to 2 examples) ; 5 for analysis of at least 2 issues ( <a href="#">maximum 2/5 if not related to development</a> )
Level 3	10-15	2 marks for identifying 2 points; 2 for application (reference to 2 <a href="#">data references</a> or to 2 examples) ; 5 for analysis of at least 2 issues ( <a href="#">maximum 2/5 if not related to development</a> ) ; 6 marks for any 2 or 3 evaluative points

**END OF SECTION B**

**SECTION C**

Question Number	Answer	Mark
<b>16(a)</b>	<p>KAA: 14; Ev: 6</p> <ul style="list-style-type: none"> <li>• Significance of a low savings ratio: inadequate funds for investment resulting in limited capital accumulation, low growth and low incomes (Harrod-Domar model) <i>But the low savings ratio could be filled by FDI, aid, debt cancellation.</i></li> </ul> <p>A thorough discussion of the savings gap could count as two points.</p> <p>Other factors include:</p> <ul style="list-style-type: none"> <li>• Primary product dependency <i>But less of an issue if prices of primary products are rising; some countries have developed on the basis of specialisation in primary products</i></li> <li>• Foreign exchange gap <i>But could be offset by debt cancellation</i></li> <li>• Protectionism by developed economies <i>But WTO active in bringing about a reduction in tariffs</i></li> <li>• Debt <i>But could be offset by debt cancellation</i></li> <li>• Rapid population growth: creating a high dependency ratio <i>But: larger markets will be created in the future and larger workforces</i></li> <li>• Poor education and health care</li> <li>• Poor/inadequate infrastructure; land-locked countries</li> <li>• Corruption; poor governance</li> <li>• Political instability; Civil wars</li> <li>• Diseases e.g. AIDS</li> </ul> <p><i>Other evaluative comments could include:</i></p> <ul style="list-style-type: none"> <li>• <i>Prioritisation of constraints</i></li> <li>• <i>Some constraints may be of a short term nature only</i></li> <li>• <i>High savings might limit consumption and growth</i></li> </ul> <p><b>If no examples of countries, award a maximum of 16/20</b></p> <p>If only the low savings ratio is considered, then maximum 14/20</p>	<b>(20)</b>

Level	Mark	Descriptor
<b>Level 1</b>	1-7	Identification of points which have limited irrelevance
<b>Level 2</b>	8-10	Typically, answers will consider 1 factor with 1 evaluative point or 2 points with no evaluation or list of several points with little analysis
<b>Level 3</b>	11-14	Typically, answers will consider 2 factors with 1 evaluative point or 3 points with no evaluation
<b>Level 4</b>	15-16	Typically, answers will consider 3 factors with 1 evaluative point
<b>Level 5</b>	17-20	Typically, answers will consider 3 factors with at least 2 evaluative points

Question Number	Answer	Mark
<b>16(b)</b>	<p>KAA: 21; Ev:9</p> <p>Issues which might be considered include:</p> <ul style="list-style-type: none"> <li>• Infant industry argument: firms need protection to grow sufficiently large to gain economies of scale and so be able to compete in global markets <i>But: may result in inefficiency and ultimately reduce the rate of growth</i></li> <li>• To promote industrialisation. In turn, workers move from relatively lowly paid and poorly productive jobs in rural economy to better paid and more productive jobs in manufacturing <i>But: may not be desirable if the country has a comparative advantage in primary products</i></li> <li>• Might promote investment in capital equipment which will help to boost economic growth via the multiplier effect <i>But: investment may be by TNCs who repatriate profits</i></li> <li>• Industrialisation could lead to export-led growth <i>But: makes the economy more susceptible to global external shocks</i></li> <li>• Provides increased employment opportunities <i>But: danger of exploitation of labour</i></li> <li>• To prevent dumping from developed economies <i>But: danger of retaliation</i></li> <li>• Use of tariff diagram to analyse impact on imports and growth <i>But: distortion of comparative advantage might limit growth in the long run</i></li> </ul> <p>NB: candidates may discuss the case against protectionism as KAA e.g.</p> <ul style="list-style-type: none"> <li>• Protectionism may lead to a misallocation of resources <i>But: could be justified if there was dumping by other countries</i></li> <li>• May promote complacency and inefficiency in manufacturing industries <i>But could enable domestic industries to grow and benefit from economies of scale</i></li> <li>• May be against WTO agreements</li> </ul>	<b>(30)</b>

	Must provide examples of countries, otherwise maximum of 24/30	
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Level	Mark	Descriptor
<b>Level 1</b>	1-11	Identification of points which have limited relevance
<b>Level 2</b>	12-15	Typically, answers will consider 2 factors with 1 evaluative point or 3 points with no evaluation or list of several points with little analysis
<b>Level 3</b>	16-21	Typically, answers will consider 3 factors with 1 evaluative point or 4 points with no evaluation
<b>Level 4</b>	22-25	Typically, answers will consider 4 factors with 2 evaluative points
<b>Level 5</b>	26-30	Typically, answers will consider 4 factors with 3 evaluative points



Question Number	Answer	Mark
<b>17(a)</b>	<p>Candidates may view the increase in population as positive or negative</p> <p>Possible effects of population growth:</p> <ul style="list-style-type: none"> <li>• More people are available to produce goods and services, so output may rise faster than population, so increasing per capita incomes</li> <li>• A larger working population willing to work for low wages may attract FDI</li> <li>• Population growth may spur technical progress</li> <li>• Increasing AS; rightward shift in PPF</li> <li>• Young entrepreneurial workforce</li> <li>• Increasing population increases AD</li> <li>• Increase in tax revenues for the government</li> <li>• Population growth at a higher rate than GDP will cause per capita incomes fall</li> <li>• A higher dependency ratio will limit the ability of households to save, worsening the problem of a savings gap</li> <li>• High population growth puts a large strain on education healthcare and infrastructure</li> <li>• More parents staying at home to raise children reduces the size of the labour force available to work</li> <li>• Increase in levels of government spending (via publically funded health/education, for example)</li> <li>• Adverse effects on the environment: pollution/congestion</li> <li>• Increased pressure on e.g. public transport/housing stock</li> <li>• Increase supply of labour leading to fall in wages/real incomes</li> </ul> <p>Evaluative points may include:</p> <ul style="list-style-type: none"> <li>• Difference between short run and long run impact of higher population</li> <li>• Improvements in technology may be more than sufficient to ensure higher living standards Much depends on cause of increase in population e.g. due to rising birth rate or falling death rate or migration due to war in neighbouring countries</li> <li>• Reference to 'demographic dividend' – working population rising relative to dependents</li> <li>• Reference to population density being more important than population size</li> </ul> <p>Application: Examples of developing countries to illustrate specific points should be provided. (Maximum 14/20 without examples)</p>	<b>(20)</b>

Question Number	Answer	Mark
17(b)	<p>Policies to increase the quantity of population include:</p> <ul style="list-style-type: none"> <li>• Relaxation of rules relating to immigration <i>But: might encourage immigration of dependents rather than those of working age</i></li> <li>• Incentives to foreigners to emigrate to the country <i>But: might result in unskilled migrants</i></li> <li>• Increase age at which retirement benefits become payable or reduce retirement benefits</li> <li>• Reduce marginal tax rates</li> <li>• Tax and benefit incentives to have more children e.g. increase in child benefit for each successive child <i>But: this would involve a cost to the taxpayer. Also the money may not be well-spent if these benefits are not means-tested</i></li> <li>• Reductions in unemployment benefits</li> </ul> <p>Policies to increase productivity include:</p> <ul style="list-style-type: none"> <li>• Increased expenditure on education <i>But: depends on the quality of the education provided</i></li> <li>• Improvements in training e.g. apprenticeships <i>But: apprenticeships need to be in areas where there is a need for workers</i></li> <li>• Incentives to encourage people to continue with education beyond school leaving age <i>But: these may incur a cost to the government with implications for taxes</i></li> <li>• Tax breaks/subsidies to firms who provide on-the-job training</li> <li>• Tax breaks/subsidies to increase investment</li> <li>• Cuts in marginal income tax rates</li> <li>• Increase in National Minimum Wage</li> <li>• Reduction in trade union power</li> <li>• Increase in firms' ability to hire and fire workers</li> </ul> <p>Application: Examples of developed countries to illustrate specific points should be provided. (Maximum 24/30 without examples)</p> <p><b>NB Answers must include at least one point relating to quantity and one to productivity, otherwise max 21/30</b></p>	(30)

Question No.	Assess the view that economic development is dependent on economic growth. Refer to examples of developing countries in your answer.		Mark
<b>18(a)</b>	<p>CAA: 14; Ev: 6 Analysis should include:</p> <ul style="list-style-type: none"> <li>• Meaning of economic growth contrasted with economic development e.g. growth relates to changes in real GDP (positive economic concept) whereas development relates to improvements in economic welfare (a normative concept) which may be measured by HDI</li> <li>• Growth important to improve development because more tax revenue available for: <ul style="list-style-type: none"> <li>~health so helping to increase life expectancy</li> <li>~education so helping to increase school enrolment rates and literacy rates</li> <li>~improvements to infrastructure so helping to improve access to clean water, electricity</li> <li>~ improvements to housing</li> </ul> </li> <li>• Growth associated with increased employment leading to rising incomes which may be spent on education, health and housing</li> <li>• Use of any appropriate model of development e.g. Lewis model</li> </ul> <p>On the other hand: Economic growth might not lead to development if:</p> <ul style="list-style-type: none"> <li>• Increased inequality results</li> <li>• There is no reduction in absolute poverty</li> <li>• There is no improvement in civil liberties, human rights and democracy</li> <li>• The extra income is spent on defence</li> <li>• There is no improvement in female empowerment</li> <li>• Growth is unsustainable causing development gains to be reversed if the resource(s) are exhausted</li> <li>• Growth is unbalanced leading to a dual economy with development for some but not for most</li> </ul> <p>Candidates might take either approach with the counter arguments being used as evaluation.</p> <p><i>If no examples of developing countries, award a maximum of 14/20</i></p>		<b>(20)</b>
Level	Mark	Descriptor	
Level 1	1-7	Identification of points which have limited relevance	
Level 2	8-10	Typically, answers will consider 1 factor with 1 evaluative point or 2 points with no evaluation or list of several points with little analysis	
Level 3	11-14	Typically, answers will consider 2 factors with 1 evaluative point or 3 points with no evaluation	
Level 4	15-16	Typically, answers will consider 3 factors with 1 evaluative point	
Level 5	17-20	Typically, answers will consider 3 factors with at least 2 evaluative points	

Question No.	Discuss the view that savings gaps in developing countries are the most significant constraint on economic growth.	Mark
<b>18(b)</b>	<p>KAA: 21; Ev: 9</p> <ul style="list-style-type: none"> <li>• Analysis of savings gaps and significance e.g. low savings; low investment; limited capital accumulation; low growth.</li> <li>• Savings gaps caused by factors such as low incomes; debt repayments; capital flight; absence of FDI</li> </ul> <p>Other constraints include:</p> <ul style="list-style-type: none"> <li>• Foreign exchange gaps</li> <li>• Primary product dependency</li> <li>• Rapid population growth</li> <li>• Poor infrastructure</li> <li>• Weak human capital</li> <li>• Poor governance; civil wars; corruption</li> </ul> <p><i>Evaluation might include:</i></p> <ul style="list-style-type: none"> <li>• <i>Savings gaps may be filled by:</i> <ul style="list-style-type: none"> <li>~ aid</li> <li>~ FDI</li> <li>~ Debt cancellation</li> <li>~ Microfinance</li> <li>~ Borrowing from the IMF/World Bank</li> </ul> </li> <li>• <i>Primary product dependency may not be a constraint on development in light of rises in commodity prices since 2000</i></li> <li>• <i>Rapid population growth could contribute to economic growth in the long run by increasing aggregate supply</i></li> <li>• <i>Poor infrastructure is less of a constraint for resource-rich African LDCs who are benefiting from Chinese investment in return for commodities</i></li> <li>• <i>Economic growth usually constrained by a combination of factors; difficult to conclude that one is more important than another</i></li> </ul> <p><i>Discussion of significance of other constraints identified above</i> Candidates might agree or disagree with the view that savings gaps are the most significant constraint on development but should use the counter points as evaluation.</p> <p><i>If no reference to examples of specific developing countries, the maximum of 24/30</i></p>	<b>(30)</b>

Level	Mark	Descriptor
<b>Level 1</b>	1-11	Identification of points which have limited relevance
<b>Level 2</b>	12-15	Typically, answers will consider 2 factors with 1 evaluative point or 3 points with no evaluation or list of several points with little analysis
<b>Level 3</b>	16-21	Typically, answers will consider 3 factors with 1 evaluative point or 4 points with no evaluation
<b>Level 4</b>	22-25	Typically, answers will consider 4 factors with 2 evaluative points
<b>Level 5</b>	26-30	Typically, answers will consider 4 factors with 3 evaluative points

Question Number	Answer	Mark
19	<p>KAA: 14 marks; <i>Ev: 6 marks</i></p> <p>Possible reasons for more rapid growth in developing countries include:</p> <ul style="list-style-type: none"> <li>• Developing countries more isolated from financial crisis - banks less integrated into global economy</li> <li>• Fewer trading links with developed economies</li> <li>• Many developed economies suffered from a sharp fall in house prices e.g. Spain, Ireland, UK</li> <li>• Debt problems in developed economies resulting in austerity measures e.g. euro zone countries, UK in contrast with massive fiscal stimulus in China</li> <li>• Less dependence on financial services as a proportion of GDP</li> <li>• Developing economies have greater scope for growth e.g. into manufacturing where potential productivity gains are greater than in many service sector industries</li> <li>• More FDI in some developing economies</li> <li>• Increase in demand and prices of primary products</li> <li>• Impact of investment in human capital on productivity in developing countries</li> <li>• Rapid population growth</li> <li>• Improvements in infrastructure</li> <li>• Cheaper, more flexible labour force: link to comparative advantage in manufacturing shifting away from developed economies</li> </ul> <p>Possible reasons for slower growth in developed countries include:</p> <ul style="list-style-type: none"> <li>• Austerity measures</li> <li>• Ageing populations</li> <li>• Deleveraging/saving</li> <li>• Low bank lending</li> <li>• Many developed economies suffered from a sharp fall in house prices e.g. Spain, Ireland, UK</li> </ul> <p><i>Evaluation (6 marks) might include:</i></p> <ul style="list-style-type: none"> <li>• <i>Time period under consideration might not reflect longer term trends</i></li> <li>• <i>Insignificant because developing countries are starting from a lower base i.e. GDP lower than for developed economies</i></li> <li>• <i>Although GDP growth rates are higher, GDP per capita is often much lower in developing economies</i></li> <li>• <i>Prioritisation of most significant factor(s) with supporting reason(s)</i></li> <li>• <i>Disadvantages associated with FDI e.g. repatriation of profits</i></li> <li>• <i>Problems associated with primary product dependency</i></li> <li>• <i>Overall figures obscure significantly different growth rates between countries</i></li> </ul>	(20)

	<ul style="list-style-type: none"> <li>• <i>Validity of growth figures may be questioned</i></li> </ul> <p><i>N.B. Answers can only achieve a maximum of 14/20 if they do not refer to both developed and developing countries (Some specific examples of countries should be included)</i></p>	
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Level	Mark	Descriptor
Level 1	1-7	Identification of points which have limited relevance
Level 2	8-10	Typically, answers will consider 1 factor with 1 evaluative point or 2 points with no evaluation or list of several points with little analysis
Level 3	11-14	Typically, answers will consider 2 factors with 1 evaluative point or 3 points with no evaluation
Level 4	15-16	Typically, answers will consider 3 factors with 1 evaluative point
Level 5	17-20	Typically, answers will consider 3 factors with at least 2 evaluative points

Question Number	Answer	Mark
<b>20(a)</b>	<p>A wide range of factors may be considered. For example:</p> <ul style="list-style-type: none"> <li>• Primary product dependency <i>But less of an issue if prices of primary products are rising; some countries have developed on the basis of specialisation in primary products</i></li> <li>• Savings gap <i>But could be offset by FDI or aid;</i></li> <li>• Foreign exchange gap <i>But could be offset by debt cancellation</i></li> <li>• Protectionism by developed economies <i>But WTO active in bringing about a reduction in tariffs</i></li> <li>• Debt <i>But could be offset by debt cancellation</i></li> <li>• Rapid population growth: creating a high dependency ratio <i>But: larger markets will be created in the future and larger workforces</i></li> <li>• Poor education and health care</li> <li>• Poor/inadequate infrastructure; land-locked countries</li> <li>• Corruption; poor governance</li> <li>• Political instability; Civil war</li> <li>• Disease e.g. AIDS</li> </ul> <p><i>Other evaluative comments could include:</i></p> <ul style="list-style-type: none"> <li>• <i>Prioritisation of factors</i></li> <li>• <i>Problem of defining economic development precisely</i></li> <li>• <i>Some problems may be of a short term nature only</i></li> </ul> <p><b><i>N.B. If there is no reference to economic development (either explicitly or implicitly) then award a maximum of 14/20 (top of level 3)</i></b></p> <p>(Synoptic element: analysis of price fluctuations of primary products (unit 1) and use of Economist's tool-kit in analysis and evaluation and in approach to question)</p>	<b>(20)</b>

Level	Mark	Descriptor
<b>Level 1</b>	1-7	Identification of points which are largely irrelevant
<b>Level 2</b>	8-10	Typically, answers will consider 1 factor with 1 evaluative point or 2 points with no evaluation or list of several points with little analysis
<b>Level 3</b>	11-14	Typically, answers will consider 2 factors with 1 evaluative point or 3 points with no evaluation
<b>Level 4</b>	15-16	Typically, answers will consider 3 factors with 1 evaluative point
<b>Level 5</b>	17-20	Typically, answers will consider 3 factors with at least 2 evaluative points

Question Number	Answer	Mark
<b>20(b)</b>	<p>Case for debt cancellation:</p> <ul style="list-style-type: none"> <li>• To reduce absolute poverty: no more interest payments on debt</li> <li>• More resources available for health care leading to increased life expectancy</li> <li>• More resources for education leading to increased school enrolment and higher literacy rates</li> <li>• To provide resources for investment: multiplier effects: link to increased growth and more resources for health, education...</li> <li>• Effective as an immediate way to fill savings gap</li> <li>• Helps to fill foreign exchange gap enabling LEDCs to buy capital equipment; oil etc</li> <li>• Opportunity cost of debt servicing</li> <li>• More resources for public services</li> </ul> <p><i>However:</i></p> <ul style="list-style-type: none"> <li>• <i>Danger of corruption: money saved not spent e.g. to improve health and education</i></li> <li>• <i>Misuse of money saved e.g. for defence purposes</i></li> <li>• <i>Creation of a dependency culture</i></li> <li>• <i>Moral hazard</i></li> <li>• <i>May be used to generate political influence</i></li> </ul> <p>Case for trade liberalisation:</p> <ul style="list-style-type: none"> <li>• LEDCs have access to markets in developed countries: increased exports and higher GDP, the proceeds of which may be used for health, education, improved access to clean water</li> <li>• Increased competition might promote increase efficiency in LEDCs</li> <li>• Incentive for multinationals to establish production plants in the country so contributing to industrialisation</li> <li>• Consumers benefit from lower prices and more choice</li> <li>• More efficient use of resources – based on law of comparative advantage leading to increased growth</li> <li>• Enables LEDCS to become less dependent on aid</li> <li>• Use of tariff diagram to illustrate impact of cut in tariffs e.g. on</li> </ul>	<b>(30)</b>



	<p>consumer surplus, producer surplus, welfare gains</p> <p><i>However:</i></p> <ul style="list-style-type: none"> <li>• <i>Domestic firms in LEDCs may be unable to compete with TNCs from developed economies</i></li> <li>• <i>Infant industries may be unable to survive</i></li> <li>• <i>Monopsony power of TNCs might result in exploitation of resources of LEDCs</i></li> <li>• <i>Environmental arguments against free trade</i></li> <li>• <i>Problems of overspecialisation</i></li> <li>• <i>Dumping by developed countries</i></li> </ul> <p><i>Other evaluative comments:</i></p> <ul style="list-style-type: none"> <li>• <i>It could be argued that without individual freedom, democracy and the rule of law, economic development is not possible</i></li> <li>• <i>Difficulty of defining economic development precisely</i></li> </ul> <p><b><i>N.B. If there is no reference to economic development (either explicitly or implicitly) then award a maximum of 21/30 (top of level 3)</i></b></p> <p>(Synoptic elements: reference to concepts introduced in unit 1 e.g. negative externalities and from unit 3 e.g. monopsony; use of Economist's tool-kit in analysis and evaluation and in approach to question)</p>	
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Level	Mark	Descriptor
<b>Level 1</b>	1-11	Identification of points which are largely irrelevant
<b>Level 2</b>	12-15	Typically, answers will consider 2 factors with 1 evaluative point or 3 points with no evaluation or list of several points with little analysis
<b>Level 3</b>	16-21	Typically, answers will consider 3 factors with 1 evaluative point or 4 points with no evaluation
<b>Level 4</b>	22-25	Typically, answers will consider 4 factors with 2 evaluative points
<b>Level 5</b>	26-30	Typically, answers will consider 4 factors with 3 evaluative points

Question Number	Answer	Mark
21(a)	<p>Issues could include:</p> <ul style="list-style-type: none"> <li>• Price fluctuations - analysis of price inelasticity of demand and supply and impact of shifts in S &amp; D</li> <li>• Value added of primary products is very low</li> <li>• Producer revenue fluctuations - implications for planning investment and output</li> <li>• Fluctuations in foreign currency earnings - constraint on importing capital goods</li> <li>• Income inelasticity of demand for primary products - Prebisch-Singer hypothesis: falling terms of trade</li> <li>• In the case of soft commodities - problem of extreme weather events</li> <li>• Protectionism by developed countries</li> <li>• Impact on political stability</li> </ul> <p>Evaluative points could include:</p> <ul style="list-style-type: none"> <li>• LEDCs may have comparative advantage in primary products</li> <li>• Demand may be income elastic e.g. for gold (Ghana); diamonds (Botswana); oil (Nigeria);</li> <li>• Examples of countries which have grown and developed on basis on primary products</li> <li>• Consideration of other constraints and growth and development</li> <li>• Prioritisation of factors discussed.</li> </ul> <p>(Synoptic element: reference to price determination and elasticities (unit 1) and to use of Economist's tool-kit in analysis and evaluation and in approach to question)</p>	(20)
Level	Mark	Descriptor
Level 1	1-7	Identification of points <b>which are largely irrelevant</b>
Level 2	8-10	consideration of one factor with one evaluative point or 2 points with no evaluation
Level 3	11-14	consideration of 2 factors with one evaluative point or 3 points with no evaluation
Level 4	15-16	consideration of 3 factors with one evaluative point
Level 5	17-20	consideration of 3 factors with at least two evaluative points

Question Number	Answer	Mark
21(b)	<p>Strategies could include:</p> <ul style="list-style-type: none"> <li>• Industrialisation - Lewis model</li> <li>• Development of tourism</li> <li>• Outward-looking/market led policies e.g. trade liberalisation; allowing currency to depreciate; opening up of capital markets; removal of domestic subsidies (this could count as 2 strategies)</li> <li>• Increase savings rate (Harrod-Domar model)</li> <li>• Reduce red tape, making it easier for new firms to be established</li> <li>• Increase property rights (Hernando de Soto)</li> <li>• Aid from developed countries</li> <li>• Debt cancellation</li> <li>• FDI</li> </ul> <p>Evaluation could include:</p> <ul style="list-style-type: none"> <li>• Industrialisation and tourism might result in increased inequality</li> <li>• External costs of industrialisation and/or tourism</li> <li>• Opportunity cost of industrialization e.g. availability of land to grow food</li> <li>• Discussion of problems associated with market-led strategies e.g. domestic producers may be unable to compete; higher prices for basic necessities</li> <li>• Higher savings ratio is not a necessary condition for growth and development. Savings gap could be filled by FDI or aid</li> <li>• Strategies may be ineffective for geo-political reasons e.g. nearness to markets; political instability</li> <li>• Aid might be ineffective e.g. because of corruption</li> </ul> <p>(Synoptic element: reference to macroeconomic variables (unit 2) and to use of the Economist's tool-kit in analysis and evaluation and in approach to question)</p>	(30)
Level	Mark	Descriptor
Level 1	1-11	Identification of points <b>which are largely irrelevant</b>
Level 2	12-15	2 factors with <b>one</b> evaluative point or 3 factors <b>with no evaluation</b>
Level 3	16-21	3 factors with <b>one</b> evaluative point <b>or 4 factors with no evaluation</b>
Level 4	22-25	4 factors with two evaluative points
Level 5	26-30	4 factors with three evaluative points

END OF SECTION C