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International A Level

In Economics (WEC14)

Unit 4: Developments in the global economy

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## Section A

Question Number	Quantitative skills assessed	Answer	Mark
1	<b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	<p><b>The only correct answer is D</b></p> <p><i>A is not correct because this is a non-economic factor</i></p> <p><i>B is not correct because this is a non-economic factor</i></p> <p><i>C is not correct because this would promote economic growth</i></p>	<b>(1)</b>
2	<b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	<p><b>The only correct answer is C</b></p> <p><i>A is not correct because transfer payments relate to payments made by a government to individuals in the form of benefits</i></p> <p><i>B is not correct because this is not an example of day-to-day expenditure</i></p> <p><i>D is not correct because this relates to expenditure by individuals in the private sector</i></p>	<b>(1)</b>
3	<b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	<p><b>The only correct answer is A</b></p> <p><i>B is not correct because this relates to a current account surplus</i></p> <p><i>C is not correct because this relates to the public finances</i></p> <p><i>D is not correct because primary income is a component of the current account</i></p>	<b>(1)</b>
4	<b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	<p><b>The only correct answer is D</b></p> <p><i>A is not correct because this is a possible benefit of globalisation</i></p> <p><i>B is not correct because this is a possible benefit of globalisation</i></p> <p><i>C is not correct because globalisation may lead to an increase in economies of scale for TNCs</i></p>	<b>(1)</b>

<p><b>5</b></p>	<p><b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p>	<p><b>The only correct answer is B</b></p> <p><i>A is not correct because the central bank would sell US dollars</i></p> <p><i>C is not correct because this would further depreciate the yen against the US dollar</i></p> <p><i>D is not correct because the central bank would buy Japanese yen</i></p>	<p><b>(1)</b></p>
<p><b>6</b></p>	<p><b>QS5:</b> Calculate and interpret index numbers.</p> <p><b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p>	<p><b>The only correct answer is B</b></p> <p><i>A is not correct because between 2000 and 2018 Bosnia and Herzegovina's terms of trade improved by 73.3%</i></p> <p><i>C is not correct because Bosnia and Herzegovina had to export fewer goods and services to purchase a given quantity of imports</i></p> <p><i>D is not correct because the index of export prices exceeds the index of import prices throughout the given period</i></p>	<p><b>(1)</b></p>

## Section B

Question	With reference to Figure 1 and Figure 2, calculate the value of Greece's national debt in 2022. You are advised to show your workings.  <b>Answer</b>	Mark
7(a)	<p><b>Application 2</b></p> <p>Quantitative skills assessed:  <b>QS2:</b> Calculate, use and understand percentages, percentage changes and percentage point changes.  <b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p>Up to 2 marks for calculations:</p> <ul style="list-style-type: none"> <li>• 171.4% x \$221.3 billion <b>(1)</b></li> <li>• \$379.31 billion <b>(1)</b></li> </ul> <p><b>NB</b> Award 2 marks for correct answer (\$379.31 billion / \$379 billion)  <b>NB</b> Award only 1 mark for \$379.31 / 379.31%</p>	<b>(2)</b>

Question	Explain what is meant by 'deflationary fiscal policies' (Extract A, line 10)  <b>Answer</b>	Mark
7(b)	<p><b>Knowledge 2, Application 2</b></p> <p>Quantitative skills assessed:  <b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p><b>Knowledge</b>  Up to 2 marks for understanding deflationary fiscal policies, e.g.:</p> <ul style="list-style-type: none"> <li>• Government policies that involve an <i>increase</i> in taxation <b>(1)</b> and a <i>reduction</i> in government spending/public expenditure <b>(1)</b></li> <li>• Deflationary fiscal policies aim to reduce AD/inflation <b>(1)</b></li> </ul> <p><b>Application</b>  Up to 2 marks for application to deflationary fiscal policies, e.g.:</p> <ul style="list-style-type: none"> <li>• These policies were a condition of the loans <b>(1)</b></li> <li>• Government of Greece was required to reduce its national debt <b>(1)</b></li> <li>• Reduce pensions to the elderly in return for financial support <b>(1)</b></li> <li>• The country's rate of economic growth fell by 25% <b>(1)</b></li> <li>• Incomes of Greek citizens decreased by almost 30% <b>(1)</b></li> <li>• The resulting increase in unemployment led to many young citizens leaving the country in search of work <b>(1)</b></li> </ul>	<b>(4)</b>

Question	<p>With reference to the third paragraph of Extract A, examine <b>two</b> measures that the Government of Greece could take to increase the country's international competitiveness.</p> <p><b>Answer</b></p>	Mark
7(c)	<p><b>Knowledge 2, Application 2, Analysis 2, Evaluation 2</b></p> <p>Quantitative skills assessed:  <b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p><b>Knowledge and analysis</b>  Up to 2 marks for identifying two measures and up to 2 marks for linked explanations, e.g.:</p> <ul style="list-style-type: none"> <li>• Greater investment in infrastructure <b>(1K)</b> e.g. through improved transport links and communications will encourage more trade and lead to increase efficiency <b>(1AN)</b></li> <li>• Greater investment in human capital <b>(1K)</b> e.g. education and training will improve skills (reduce skills gap) and productivity, which will lower cost per unit <b>(1AN)</b></li> <li>• Greater investment in healthcare <b>(1K)</b> would create a more productive workforce. This would increase GDP and allow for improvements in the quality of output <b>(1AN)</b></li> </ul> <p><b>Application</b>  Up to 2 marks for application to Extract A, e.g.:</p> <ul style="list-style-type: none"> <li>• The European Central Bank (ECB) advised the Greek Government to make <i>capital</i> investments <b>(1)</b></li> <li>• Greece's international competitiveness was significantly lower compared to the other members of the eurozone <b>(1)</b></li> <li>• Its competitiveness rank was 47 out of 63 countries with similar economic prospects <b>(1)</b></li> </ul> <p><b>Evaluation</b>  Up to 2 marks for evaluative comments:</p> <ul style="list-style-type: none"> <li>• Increase in budget deficit/national debt <b>(1)</b> and hence resulting in crowding out (resource or financial)/use of data <b>(1)</b></li> <li>• Opportunity costs of government spending e.g. more expenditure on infrastructure/human capital/healthcare may mean less for the business sector, especially in the short-run <b>(1+1)</b></li> <li>• Time lags/implementation lags may mean measures take a long time to come into effect <b>(1)</b> but these might not be financially sustainable for Greece in the long-run <b>(1)</b></li> <li>• If government investments lead to demand-pull inflation due to greater injections <b>(1)</b> it could reduce price competitiveness <b>(1)</b></li> <li>• Magnitude of these investments must be significant <b>(1)</b> to have a considerable impact on Greece's economy <b>(1)</b></li> </ul>	(8)

	<ul style="list-style-type: none"> <li>• Spending likely to increase the possibilities of government failure <b>(1)</b> as the costs of these measures may outweigh the benefits <b>(1)</b></li> <li>• The Government of Greece may have limited scope in introducing some of these measures <b>(1)</b> as the IMF sets conditions for its loans in relation to government spending <b>(1)</b></li> </ul>	
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Question	Answer	Mark
7(d)	<p><b>Knowledge 2, Application 2, Analysis 2</b></p> <p>Quantitative skills assessed:  <b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p><b>Knowledge</b>  Up to 2 knowledge marks for identifying two roles of a central bank:</p> <ul style="list-style-type: none"> <li>• Implementation of monetary policy/central bank sets base interest rates/makes asset purchases/sets lending criteria/sets reserve asset requirements <b>(1)</b></li> <li>• Achieving an inflation target <b>(1)</b></li> <li>• Make forecasts about the future state of the economy <b>(1)</b></li> <li>• Give advice/make policy recommendations to national central banks/governments <b>(1)</b></li> </ul> <p><b>Analysis</b>  Up to 2 analysis marks for linked development of the two roles identified (1+1), e.g.:</p> <ul style="list-style-type: none"> <li>• To influence the level of AD/control inflation <b>(1)</b></li> <li>• Explanation of the transmission mechanism <b>(1)</b></li> <li>• To influence economic growth/development/employment <b>(1)</b></li> </ul> <p><b>Application</b>  Up to 2 marks for application (1+1):</p> <ul style="list-style-type: none"> <li>• ECB raising the base rate of interest from 2.5% <b>(1)</b> to 3% <b>(1)</b> / 0.5 percentage points in March 2023 <b>(1+1)</b></li> </ul>	<b>(6)</b>

<b>Question</b>	<p>With reference to the information provided and your own knowledge, discuss the likely economic benefits of a decrease in national debt, as a proportion of GDP, on the economy of Greece.</p> <p><b>Indicative content</b></p>	
<b>7(e)</b>	<p><b>Indicative content guidance</b></p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p><b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p><b>Knowledge, Application and Analysis (8 marks) – indicative content</b></p> <ul style="list-style-type: none"> <li>• Definition/understanding of national debt</li> <li>• “After the global health crisis of 2020 Greece was able to reduce its national debt as a proportion of GDP” by 19.6 percentage points (2020 to 2022)</li> </ul> <p>Benefits include:</p> <ul style="list-style-type: none"> <li>• An improvement in Greece’s credit rating and lower future borrowing costs. This leads to confidence in markets resulting in an increase in foreign direct investment (FDI) – “Greece’s credit rating fell from ‘A’ to ‘CCC’”, so it will be able to improve it in the future to “B+”</li> <li>• Lower national debt implies lower interest payments: there is less danger of financial crowding out. Lower interest rates may increase private sector investment due to the reduction of the crowding out effect – it eliminates the position of high risk whereby “it was unable to service its debt”</li> <li>• Less need to seek assistance from international organisations e.g. IMF, EU, other countries, the ECB – “In 2010 Greece’s large national debt led to significant loans by the IMF.”</li> <li>• Lower interest repayments represent a fall in costs to future generations. More money will be available for spending on social services, and they face lower opportunity cost of interest payments</li> <li>• Falling national debts could lead to less inflationary pressures. If the debt is low, investors may buy more government securities. Thus, the government will not experience a shortfall in its revenues, and would not have to print money and increase the money supply</li> </ul>	
<b>Level</b>	<b>Mark</b>	<b>Descriptor</b>
	0	No rewardable material.
<b>Level 1</b>	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach, which has no chains of reasoning.
<b>Level 2</b>	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Chains of



		reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
<b>Level 3</b>	7-8	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using relevant examples that are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.
<p><b>Evaluation (6 marks) – indicative content</b></p> <ul style="list-style-type: none"> <li>• Impact depends on the magnitude of decrease in national debt: decreased by 19.6 percentage points in two years, implying a significant impact</li> <li>• "its debt-to-GDP ratio is falling, it still remains the highest in the eurozone area" implying it will still be an issue to Greece</li> <li>• As the current interest rate in the eurozone is high, financial crowding out may still be a significant issue – "ECB raised the base rate of interest from 2.5% to 3% in March 2023"</li> <li>• If Greece's Government reduced its debt-to-GDP ratio by cutting spending in productive areas/key public goods and services, it will negatively impact the future generations</li> <li>• Significance of national debt e.g. future generations will be highly affected as high inflationary pressures in the eurozone erode the real value of debt</li> <li>• Large national debt implies that Greece may not be able to finance it internally but will have to continue relying on borrowing or future bailouts from IMF, hence remaining a cause for concern</li> <li>• Greece's national debt will be a concern as it appears that its fiscal deficits are not cyclical/short-term but more structural/long-term and unsustainable</li> <li>• Possibility that the value of national debt is still rising but debt-to-GDP ratio is falling due to an increase in Greece's economic growth – "in 2022 real GDP increased by nearly 5%". Over the long term, the national debt could increase as "forecast rates of economic growth for 2023 have also been reduced."</li> </ul>		
<b>Level</b>	<b>Mark</b>	<b>Descriptor</b>
	0	No rewardable material.
<b>Level 1</b>	1-2	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
<b>Level 2</b>	3-4	Evidence of evaluation of alternative approaches Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
<b>Level 3</b>	5-6	Evaluation recognises different viewpoints and/or is critical of the evidence. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

## Section C

<p><b>Question</b></p>	<p>Between 2007 and 2022 income inequality increased in both Sweden and the USA.</p> <p>Evaluate possible causes of an increase in income inequality within a developed country of your choice.</p> <p><b>Indicative content</b></p>
<p><b>8</b></p>	<p><b>Indicative content guidance</b></p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p><b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p><b>Knowledge, Application and Analysis (12 marks) – indicative content</b></p> <ul style="list-style-type: none"> <li>• Understanding of income inequality</li> </ul> <p>Possible causes include:</p> <ul style="list-style-type: none"> <li>• Changes in wages of different groups including e.g. training and skills: wage differentials between the unskilled and skilled workers have been increasing; minimum wage increasing slower than average earnings/discrimination</li> <li>• Education: the earnings of those with certain qualifications have increased at a much faster rate than others</li> <li>• Disproportionate increase in earnings of top 1% as a result of e.g. incomes of the asset-rich have increased relative to those who are asset-poor; could be due to exploitation of tax loopholes</li> <li>• Pensions: especially amongst the elderly and ending of final salaries pension schemes; inflation for pensioners has been higher than the CPI rate as they spend a higher percentage of income on goods like council tax, fuel and food</li> <li>• Tax rates, e.g. such as increases in indirect taxes (regressive taxes) / cuts in taxes on incomes and wealth (progressive taxes)</li> <li>• Globalisation: the demand for, and wages of, unskilled workers have fallen relative to those of highly skilled workers in developed economies</li> <li>• Immigration, e.g. of unskilled workers, putting downward pressure on wages for those on low incomes – appears to be a growing number of the low-paid immigrant workers, who work for cash and are paid much less than the NMW</li> <li>• Trade union power has been eroded: an increasingly flexible labour market, with more workers being employed on part-time or zero-hour contracts, as opposed to full-time – they are not largely protected by the trade unions</li> <li>• Macroeconomic policies, e.g. deregulation and privatisation that contributes to the concentration of ownership of assets</li> <li>• Reduction in out-of-work benefits and/or the reduction of in-work benefits. Increase in inter-generational inequality in some countries where state pensions have been increased</li> </ul>

	<ul style="list-style-type: none"> <li>• Increase in the rate/level of unemployment/decrease in the employment rate</li> <li>• Global health crisis of 2020-2022 affecting younger workers more than older workers</li> <li>• Monopoly power of firms (especially TNCs) / the monopsony power of firms</li> </ul> <p><b>N.B. Award maximum of Level 3 (9 marks) if a candidate does not refer to a developed country in their answer</b></p>	
Level	Mark	Descriptor
	0	No rewardable material.
<b>Level 1</b>	1-3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
<b>Level 2</b>	4-6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
<b>Level 3</b>	7-9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident, but they may not be developed fully or some stages are omitted.
<b>Level 4</b>	10-12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.
		<p><b>Evaluation (8 marks) – indicative content</b></p> <ul style="list-style-type: none"> <li>• Prioritisation and significance of the causes discussed</li> <li>• A combination of factors is likely to have a larger impact on income inequality</li> <li>• Changes in inequality over time, e.g. discussion if the rise is significant over 10 years – different factors affect a country during different times</li> <li>• Consideration of what is actually being measured, e.g. gross incomes or personal disposable incomes</li> <li>• This takes no account of the changes in the distribution of wealth, which might be more significant than income inequality</li> </ul>

	<ul style="list-style-type: none"> <li>• Unemployment rate may be more significant than level of skills and education or state benefits</li> <li>• Differences may be explained by lifestyle rather than the causes above</li> <li>• Globalisation has helped to reduce inequality through greater economic integration across national borders</li> <li>• The significance of a cause will be different in different countries, e.g. depending on policies to redistribute income</li> <li>• Data might be either inaccurate or unreliable as it is difficult to collect</li> </ul>	
<b>Level</b>	<b>Mark</b>	<b>Descriptor</b>
	0	No rewardable material.
<b>Level 1</b>	1-3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
<b>Level 2</b>	4-6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
<b>Level 3</b>	7-8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

<b>Question</b>	<p>According to the World Trade Organization (WTO), between 1995 and 2022, the share of developing economies' exports in world trade increased and the share of developed economies' exports decreased.</p> <p>Evaluate factors influencing patterns of trade between countries.</p> <p><b>Indicative content</b></p>	
<b>9</b>	<p><b>Indicative content guidance</b></p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p><b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p><b>Knowledge, Application and Analysis (12 marks) – indicative content</b></p> <ul style="list-style-type: none"> <li>• Understanding of trade patterns</li> </ul> <p>Factors include:</p> <ul style="list-style-type: none"> <li>• Emerging economies/the collapse of communism has led to the opening-up of many former-communist countries, e.g. China and Eastern Europe</li> <li>• Comparative advantage: a detailed analysis of the significance of this theory may be represented with numerical example or diagram</li> <li>• The number and size of trading blocs / bilateral trade agreements: has resulted in an increase in trade creation between member countries</li> <li>• Exchange rate/'currency wars' of recent years, e.g. China: currency controls to prevent appreciation of their currency</li> <li>• Protectionist policies e.g. increase in tariffs imposed by countries and increased subsidies to support their domestic industries to make imports relatively more expensive</li> <li>• Competitiveness, e.g. USA &amp; UK loss of low-cost manufacturing industries compared with the rise in the emerging economies (could count as two points)</li> <li>• Level of foreign direct investment (FDI) which has increased manufacturing in developing economies</li> <li>• Many advanced economies have experienced deindustrialisation, with less national output generated by their manufacturing sectors</li> </ul>	
<b>Level</b>	<b>Mark</b>	<b>Descriptor</b>
	0	No rewardable material.
<b>Level 1</b>	1–3	<p>Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models.</p> <p>Use of generic material or irrelevant information or inappropriate examples.</p> <p>Descriptive approach which has no chains of reasoning.</p>
<b>Level 2</b>	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models.

		Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
<b>Level 3</b>	7–9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident, but they may not be developed fully or some stages are omitted.
<b>Level 4</b>	10–12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.
<p><b>Evaluation (8 marks) – indicative content</b></p> <ul style="list-style-type: none"> <li>• The law of comparative advantage is based on unrealistic assumptions e.g. constant costs of production, perfect mobility of resources</li> <li>• Increased transport costs to/from China or Eastern Europe, and rising wages, might slow this process</li> <li>• Increased labour costs, e.g. China, have now resulted in the return of manufacturing industries to developed economies/other developing economies</li> <li>• Many countries are leaving/considering exiting the trading blocs; trade diversion may occur – can distort trade patterns</li> <li>• Exchange rates and highly volatile patterns of trade can change in the long-run when the exchange rate changes again</li> <li>• Other countries could retaliate with their own protectionist policies</li> <li>• Different impacts more or less important for different economies</li> <li>• Prioritisation of factors/significance of each factor: SR v LR considerations</li> <li>• Combination of factors is likely to have a bigger impact on trade patterns</li> </ul>		
<b>Level</b>	<b>Mark</b>	<b>Descriptor</b>
	0	No rewardable material.
<b>Level 1</b>	1–3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
<b>Level 2</b>	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
<b>Level 3</b>	7–8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement.

		Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.
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<b>Question</b>	<p>In South Sudan HDI was 0.43 in 2010 and 0.39 in 2022.</p> <p>Evaluate market-orientated strategies that a government in a developing country of your choice might use to increase <i>economic development</i>.</p> <p><b>Indicative content</b></p>	
<b>10</b>	<p><b>Indicative content guidance</b></p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p><b>QS9:</b> Interpret, apply and analyse information in written, graphical, tabular and numerical forms.</p> <p><b>Knowledge, Application, Analysis (12 marks) – indicative content</b></p> <ul style="list-style-type: none"> <li>• Understanding of HDI</li> <li>• Understanding of economic development</li> </ul> <p>Strategies include:</p> <ul style="list-style-type: none"> <li>• Trade liberalisation - removing protectionist measures and exposing the domestic economy to global competition, resulting in higher efficiency; link to comparative advantage and living standards</li> <li>• Promotion of FDI – e.g. tax breaks could help technology transfer and help with training of the workforce: increases productivity/employment/incomes</li> <li>• Removal of government subsidies – government’s scarce tax revenue can be spent on improving health and education, increasing HDI</li> <li>• Privatisation – increases efficiency in markets due to greater competition hence contributing to lower prices, better quality and more choice: this is likely to improve living standards</li> <li>• Floating exchange rate systems – makes exports more internationally competitive, increasing domestic employment/incomes and thus HDI</li> <li>• Microfinance schemes – these small-scale loans allow low-income producers to invest in physical and human capital, improving productivity/incomes</li> </ul> <p><b>N.B. Award maximum of Level 3 (9 marks) if a candidate does not refer to a developing country in their answer</b></p> <p><b>N.B. Award maximum of Level 3 (9 marks) if a candidate does not refer to economic development in their answer</b></p>	
<b>Level</b>	<b>Mark</b>	<b>Descriptor</b>
	0	No rewardable material.
<b>Level 1</b>	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models.



		Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
<b>Level 2</b>	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
<b>Level 3</b>	7–9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
<b>Level 4</b>	10–12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.
<p><b>Evaluation (8 marks) – indicative content</b></p> <ul style="list-style-type: none"> <li>• Problems of each of the strategies discussed <ul style="list-style-type: none"> <li>○ Trade liberalisation – could harm domestic infant and geriatric industries, increasing unemployment and hence reducing HDI</li> <li>○ Promotion of FDI – could lead to TNCs exploiting the environment and labour; engaging in tax evasion/avoidance or transfer pricing</li> <li>○ Removal of government subsidies – on e.g. essential goods, such as fuel, food, electricity and water supply, may lead to absolute poverty</li> <li>○ Privatisation – could result in monopolies that could exploit their monopoly power and charge higher prices/reduce the quality</li> <li>○ Floating exchange rate systems – imports could become relatively more expensive, leading to cost-push inflation and hence poverty</li> <li>○ Microfinance schemes: lenders charge borrowers very high interest rates to cover the risk of default, and can result in more indebtedness</li> </ul> </li> <li>• Assessment of the significance of the strategies considered in the analysis</li> <li>• Interventionist strategies could be more successful in increasing the HDI</li> <li>• Contrast the effectiveness of strategies used by different countries</li> </ul>		
<b>Level</b>	<b>Mark</b>	<b>Descriptor</b>
	0	No rewardable material.
<b>Level 1</b>	1–3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.

<b>Level 2</b>	4-6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
<b>Level 3</b>	7-8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.