



Rewarding Learning

ADVANCED
General Certificate of Education
2019

Economics

Assessment Unit A2 2

assessing

Managing the Economy in a Global World

[AEC21]

THURSDAY 23 MAY, MORNING

**MARK
SCHEME**

General Marking Instructions

This mark scheme is intended to ensure that the A2 examinations are marked consistently and fairly. The mark scheme provides examiners with an indication of the nature and range of candidate responses likely to be worthy of credit. It also sets out the criteria which they should apply in allocating marks to candidates' responses. The mark schemes should be read in conjunction with these general marking instructions which apply to all papers.

Quality of candidates' responses

In marking the examination paper, examiners will be looking for a quality of response reflecting the level of maturity which may reasonably be expected of 18-year-olds, which is the age at which the majority of candidates sit their A2 examinations.

Flexibility in marking

The mark scheme is not intended to be totally prescriptive. For many questions, there may be a number of equally legitimate responses and different methods by which the candidates may achieve good marks. No mark scheme can cover all the answers which candidates may produce. In the event of unanticipated answers, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners should seek the guidance of the Supervising Examiner for the paper concerned.

Positive marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for valid responses rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected for 18-year-old candidates. Conversely, marks should only be awarded for valid responses and not given for an attempt which is completely incorrect and inappropriate.

Types of mark schemes

Mark schemes for questions which require candidates to respond in extended written form are marked on the basis of levels of response which take account of the quality of written communication. These questions are indicated on the cover of the examination paper. Other questions which require only short answers are marked on a point for point basis with marks awarded for each valid piece of information provided. Some material may be included in the mark scheme for the benefit of teachers and pupils preparing for future examinations. Candidates are not expected to have provided this information. Such material is printed in the mark scheme in italics.

Levels of response

Questions requiring candidates to respond in extended writing are marked in terms of levels of response. In deciding which level of response to award, examiners should look for the "best fit" bearing in mind that weakness in one area may be compensated for by strength in another. In deciding which mark within a particular level to award to any response, examiners are expected to use their professional judgement. The following guidance is provided to assist examiners.

Threshold performance: Response which just merits inclusion in the level and should be awarded a mark at or near the bottom of the range.

Intermediate performance: Response which clearly merits inclusion in the level and should be awarded a mark at or near the middle of the range.

High performance: Response which fully satisfies the level description and should be awarded a mark at or near the top of the range.

Marking calculations

In marking answers involving calculations, examiners should apply the “own figure rule” so that candidates are not penalised more than once for a computational error.

Quality of written communication

Quality of written communication is taken into account in assessing candidates’ responses to all questions that require them to respond in extended written form. These questions are marked on the basis of levels of response. The description for each level of response includes reference to the quality of written communication. Where the quality of candidates’ economics is not matched by the quality of written communication, marks awarded will not exceed the maximum for Level 2 in questions which have three levels of response or the maximum for Level 3 in those which have four levels of response.

For conciseness, quality of written communication is distinguished within levels of response as follows:

Level 1: Quality of written communication is limited.

Level 2: Quality of written communication is satisfactory.

Level 3: Quality of written communication is of a high standard.

Level 4: Quality of written communication is excellent.

In interpreting these level descriptions, examiners should refer to the more detailed guidance provided below:

Level 1 (Limited): The candidate makes only a limited attempt to select and use an appropriate form and style of writing. The organisation of material may lack clarity and coherence. There is little use of specialist vocabulary. Presentation, spelling, punctuation and grammar may be such that intended meaning is not clear.

Level 2 (Satisfactory): The candidate makes a reasonable attempt to select and use an appropriate form and style of writing, supported with appropriate use of diagrams as required. Relevant material is organised with some clarity and coherence. There is some use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are sufficiently competent to make meaning evident.

Level 3 (High Standard): The candidate successfully selects and uses an appropriate form and style of writing, supported with the effective use of diagrams where appropriate. Relevant material is organised with a high degree of clarity and coherence. There is widespread use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a sufficiently high standard to make meaning clear.

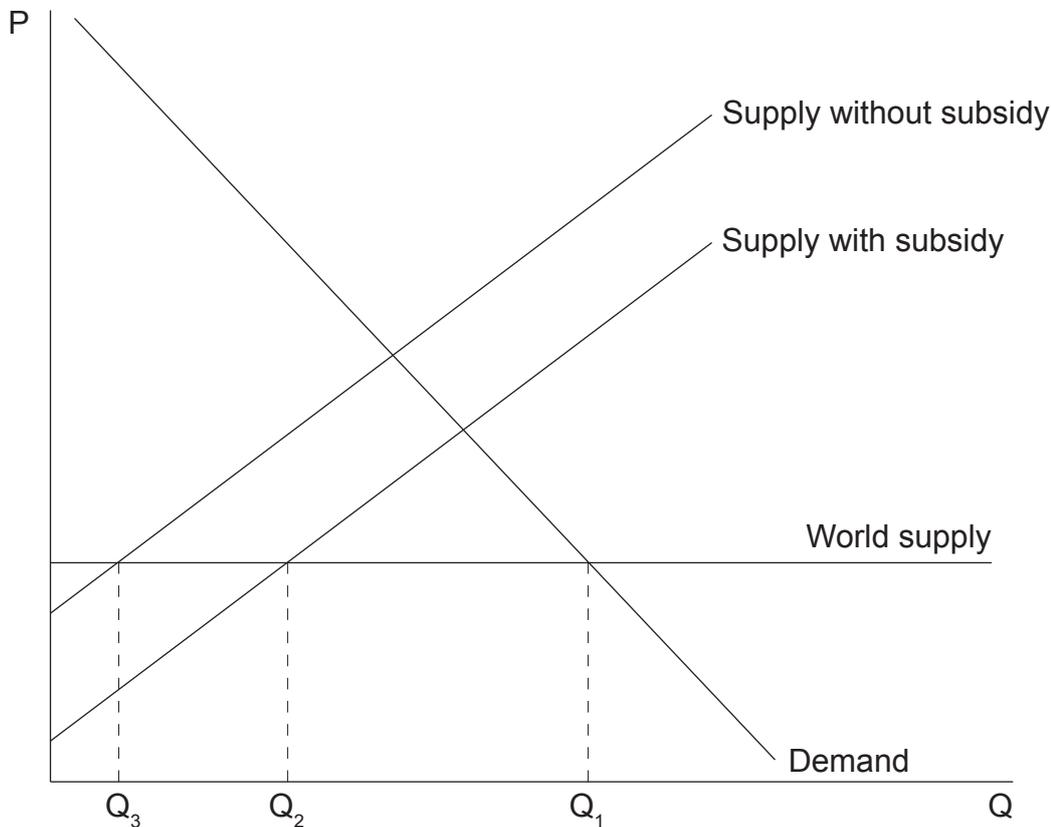
Level 4 (Excellent): The candidate successfully selects and uses the most appropriate form and style of writing, supported with precise and accurate use of diagrams where appropriate. Relevant material is extremely well organised with the highest degree of clarity and coherence. There is extensive and accurate use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of the highest standard and ensure that meaning is absolutely clear.

		AVAILABLE MARKS
1	<p>For calculation of velocity of circulation as 2 [2] $P (£300) \times T (1000) = M (£150,000) \times V \dots$ So $V = 2$ For correct methodology but error in calculation [1]</p>	[2] 2
2	<p>For calculation of the value of the US \$ as € 0.85 [2] For correct methodology but error in calculation [1]</p>	[2] 2
3	<p>(a) A country has an absolute advantage in the production of a good if it can produce that good at a lower cost than that of its rivals. It is clear from the table that Samland has an absolute advantage in the production of both goods.</p> <p>A country has a comparative advantage in the production of a good if it can produce that good at a lower opportunity cost than that of its rivals.</p> <p>Samland has a comparative advantage in the production of bananas (since the opportunity cost of producing an extra banana in Samland is 1 apple compared to 3 apples in Masland)</p> <p>Masland has a comparative advantage in the production of apples (since the opportunity cost of producing an extra apple in Masland is 1/3 of a banana compared to 1 banana in Samland)</p> <p>For explanation of difference between absolute and comparative advantage [2] For accurate identification of comparative advantage in each case [2]</p>	[4]
3	<p>(b) For trade to be beneficial it needs to take place at a lower opportunity cost than domestic production. In Samland the domestic opportunity cost of producing one apple is one banana. It would therefore be beneficial for Samland to trade at a rate of one apple to half a banana as this is a lower opportunity cost than domestic production.</p> <p>For explanation that for trade to be beneficial it needs to take place at a lower opportunity cost than domestic production [1] For application to Samland [1]</p>	[2] 6
4	<p>(a) The World Bank defines Foreign Direct Investment as “the net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. The source states that the UK received £22,199 million in investment from overseas in the second quarter of 2018</p> <p>For comprehensive definition [2] For partial definition [1]</p>	[2]
4	<p>(b) For calculation of GDP as £523,561.32 million [2] $(£22,199 \text{ million} \div 4.24 \times 100)$ For correct methodology but error in calculation [1]</p>	[2] 4

- 5 A domestic subsidy is a form of government intervention which has the effect of reducing the production costs of domestic firms and hence makes them more competitive.

Removing a subsidy to domestic sugar producers will cause the domestic supply curve of Pakistan to shift to the left. This is likely to increase the amount of sugar imported into Pakistan from other countries. This is illustrated in the diagram below.

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Issues and areas for analysis include:

- Explanation of subsidy
- Discussion of impact of subsidy removal on the amount of sugar produced domestically
- Discussion of impact of subsidy removal on the amount of sugar imported
- Discussion of impact of subsidy removal on firms' revenue, profit or producer surplus
- Appropriate diagrams
- Appropriate examples

Level 1 ([1]–[2])

A basic response provides an answer that demonstrates:

- Basic knowledge and understanding of relevant terminology, concepts, principles and models.
- Basic application of relevant economic principles, terminology, concepts and models to the context of the question; limited use of relevant data, and diagrams where relevant, to address the issues in the question.
- Basic analysis; may lack focus.
- A low quality of written communication.

Level 2 ([3]–[4])

A good response provides an answer that demonstrates:

- Good knowledge and understanding of relevant terminology, concepts, principles and models.
- Good application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used reasonably to address the issues in the question.
- Good analysis in relation to the impact on economic agents; analysis may not be developed fully or may have some inaccuracy at times.
- A good quality of written communication.

Level 3 ([5]–[6])

An excellent response provides an answer that demonstrates:

- Excellent accurate knowledge and understanding of relevant terminology, concepts, principles and models.
- Excellent application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used effectively to address the issues in the question.
- Well focused, relevant analysis used accurately and appropriately in relation to the impact on economic agents.
- An excellent quality of written communication.

[6]

6

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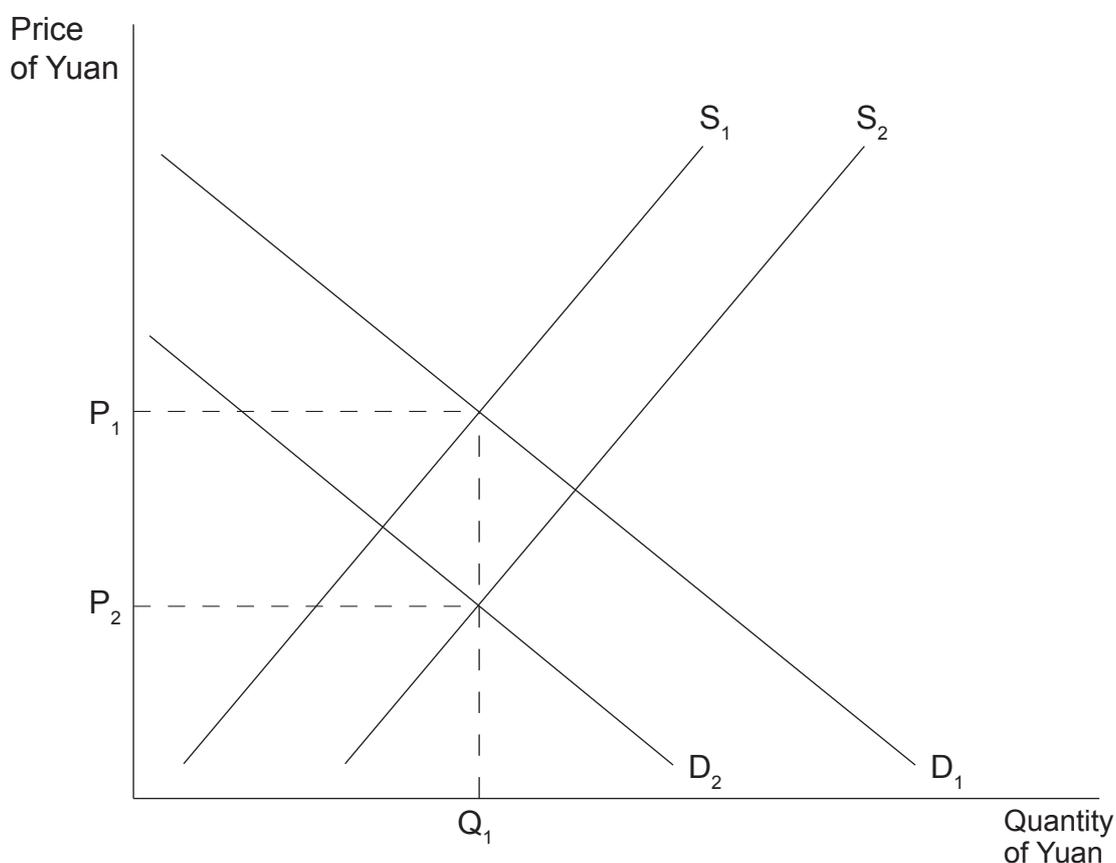
- 6 (a)
- US has had a trade in goods deficit with China every year since 2006
 - In 2006 deficit was \$234bn by 2017 it had increased to \$375bn
 - This represents an increase of approx. 60%
 - Deficit increased each year except 2009 and 2016

[2] for description of trend in absolute terms

[2] for appropriate manipulation of data

[4]

- (b) Trade restrictions on Chinese goods in the US will, *ceteris paribus*, reduce the demand for the yuan on the forex markets as US consumers and firms will demand fewer Chinese goods. At the same time it is likely that more hot money will flow out of Chinese banks into US banks due to an expectation that US monetary authorities will continue to increase interest rates. This will increase the supply of the yuan on the forex market. The combination of lower demand and increased supply will cause a fall in the value of the yuan against the US dollar. This is illustrated in the diagram below.



Level 1 ([1]–[3])

A basic response provides an answer that demonstrates:

- Basic knowledge and understanding of relevant terminology, concepts, principles and models.
- Basic application of relevant economic principles, terminology, concepts and models to the context of the question; limited use of relevant data, and diagrams where relevant, to address the issues in the question.
- Basic analysis; may lack focus.
- A low quality of written communication.

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Level 2 ([4]–[6])

A good response provides an answer that demonstrates:

- Good knowledge and understanding of relevant terminology, concepts, principles and models.
- Good application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used reasonably to address the issues in the question.
- Good analysis in relation to the impact on economic agents; analysis may not be developed fully or may have some inaccuracy at times.
- A good quality of written communication.

Level 3 ([7]–[9])

An excellent response provides an answer that demonstrates:

- Excellent accurate knowledge and understanding of relevant terminology, concepts, principles and models.
- Excellent application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used effectively to address the issues in the question.
- Excellent, relevant analysis used accurately and appropriately in relation to the impact on economic agents.
- An excellent quality of written communication. [9]

- (c) President Trump has accused the Chinese authorities of deliberate suppression of the value of the yuan against the US dollar. This has been denied by the Beijing authorities. Whatever the truth of the matter the lower value of the yuan will have wide ranging effects on the Chinese economy.

The devaluation of the Yuan will make Chinese goods more competitive when priced in dollars and so should help to increase Chinese exports, while at the same time making US exports into China less competitive. This should widen the current account surplus China enjoys with the US. This should in turn positively impact on aggregate demand in China and have a positive impact on employment, investment and growth. However the increased demand can also cause inflationary pressures in China not least because it creates greater levels of demand but also because it increases the price of imported food and raw materials.

Issues for analysis and discussion include:

- Impact on Chinese balance of payments accounts
- Impact on aggregate demand
- Impact on investment by Chinese firms
- Possible impacts on FDI as Chinese workers become more competitive
- Impact on economic growth
- Impact on inflation – demand pull and cost push
- Impact on wage rates in China
- Impact on distribution of income
- Impact on the purchasing power of Chinese consumers
- Impact on economic development in China
- Impact of increased production on pollution and congestion levels in China
- Impact on Chinese foreign reserves of having to maintain a competitive currency

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- Possible impact on Chinese interest rates of maintaining a competitive currency
- Possible impact of retaliatory measures by other countries on Chinese industry
- Possible impact on foreign demand for Chinese financial assets as yuan denominated returns fall
- Appropriate examples
- Appropriate diagrams

Level 1 ([1]–[4])

A basic response provides an answer that demonstrates:

- Basic knowledge and understanding of relevant terminology, concepts, principles and models.
- Basic application of relevant economic principles, terminology, concepts, and models to the context of the question. Some limited use of data, and diagrams where relevant, in relation to the context of the question.
- Basic analysis; analysis may lack focus.
- Judgement(s) unsupported.
- A low quality of written communication.

Level 2 ([5]–[8])

A good response provides an answer that demonstrates:

- Good knowledge and understanding of relevant terminology, concepts, principles and models.
- Good application of relevant economic principles, terminology, concepts, and models to the context of the question; where relevant, some reasonable use of data and diagrams in relation to the context of the question.
- Good analysis in relation to the impact on economic agents; analysis may not be developed fully or may have inaccuracies at times.
- Reasonable judgement(s) building on analysis.
- A good quality of written communication.

Level 3 ([9]–[12])

An excellent response provides an answer that demonstrates:

- Excellent accurate knowledge and understanding of relevant terminology, concepts, principles and models.
- Excellent application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used effectively to address the issues in the question.
- Well focused, relevant analysis used accurately and appropriately in relation to the impact on economic agents.
- Informed judgements that directly address the issues in the question and reach clear conclusions built on analysis.
- An excellent quality of written communication. [12]

- (d) Opponents of a trade war argue that it would be bad for US consumers as it would lead to higher prices and a more limited range of products available. It would also be bad for US firms as many US firms outsource production to countries such as China or buy components from Chinese firms. The reduction in economic output that would be likely to result from this trade war would also be bad for the US government as it would impact negatively on their fiscal position and on their ability to meet their key macroeconomic

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objectives of employment, growth and low inflation.

Supporters of Donald Trump's position argue that the US is such a large economy that it would be unlikely to suffer greatly from a reduction in international trade. They argue that other countries have used covert trade barriers to gain a competitive advantage over US firms and as such a trade war (either threatened or real) may well compel them to remove these covert barriers to the benefit of US firms.

Issues for analysis and discussion include:

- Impact of trade war on the comparative advantage and the potential for gains from trade
- Impact of trade war on prices
- Impact of trade war on US firms who source raw materials or labour outside the US
- Discussion of impact and scope of possible retaliatory measures on US economy
- Discussion of possible currency war and the impact of any currency war on US economy
- Discussion of possible political impact of trade war on international relations
- Discussion of possible impact of trade war on employment, GDP and balance of payments
- Discussion of possible impact of trade war on US budget position
- Reference to the size of the US economy and the fact that it is not as dependant on trade as some smaller countries
- Reference to potential benefits of trade barriers on senile, infant or strategic industries
- Reference to the potential for the Trump administration to gain political capital from trade war
- Appropriate diagrams
- Historical context – Smoot-Hawley Tariff Act 1930
- Relevant contemporary examples
- Discussion of possible losses of revenue from US producers as a result of ideas and processes being pirated during outsourcing of production
- Discussion of issues such as Huawei and the possible extension of the trade war through covert measures.

Level 1 ([1]–[5])

A basic response provides an answer that demonstrates:

- Basic knowledge and understanding of relevant terminology, concepts, principles and models.
- Basic application of relevant economic principles, terminology, concepts, and models to the context of the question. Some limited use of data, and diagrams where relevant, in relation to the context of the question.
- Basic analysis; analysis may lack focus.
- Judgement(s) unsupported.
- A low quality of written communication.

Level 2 ([6]–[10])

A good response provides an answer that demonstrates:

- Good knowledge and understanding of relevant terminology, concepts, principles and models.

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- Good application of relevant economic principles, terminology, concepts, and models to the context of the question; where relevant, some reasonable use of data and diagrams in relation to the context of the question.
- Good analysis in relation to the impact on economic agents; analysis may not be developed fully or may have inaccuracies at times.
- Reasonable judgement(s) building on analysis.
- A good quality of written communication.

Level 3 ([11]–[15])

An excellent response provides an answer that demonstrates:

- Excellent accurate knowledge and understanding of relevant terminology, concepts, principles and models.
- Excellent application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used effectively to address the issues in the question.
- Well focused, relevant analysis used accurately and appropriately in relation to the impact on economic agents.
- Informed judgements that directly address the issues in the question and reach clear conclusions built on analysis.
- An excellent quality of written communication.

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7 Globalisation is the term used to describe the way in which markets across the world have become increasingly integrated. Supporters of globalisation argue that it has brought many benefits to the UK economy, these include:

- Globalisation has enabled UK consumers to purchase a wider range of goods and services than would be available in its absence. This increased choice has had a huge impact on consumer welfare.
- Globalisation has allowed greater levels of competition from low wage countries, which has helped to keep prices low for UK consumers. These lower prices have increased consumer surplus and led to lower levels of inflation. These lower levels of inflation have in turn helped to keep interest rates lower than would otherwise have been the case.
- Globalisation has allowed UK firms to off-shore production which has helped to reduce costs. These lower costs have improved profit margins for UK firms and made UK firms more competitive. The increased profits could also lead to higher levels of investment.
- Globalisation has provided a larger potential market for UK producers, and has allowed them to achieve the size necessary to avail of economies of scale. These economies of scale have in turn increased profit levels and helped to keep prices lower.
- Globalisation has encouraged FDI in the UK which has created economic growth, jobs and tax revenues for the UK government.
- The increased mobility of labour and immigration that has resulted from globalisation has helped to keep wage rates low, which in turn has reduced cost push pressures on inflation.
- It has also allowed UK employers to fill vacancies that UK citizens did not want or did not have the skills to do.
- The globalisation of financial markets has allowed UK firms and consumers access to greater sources of funds and has kept interest rates low. This has encouraged both investment and consumption in the UK.
- Globalisation has brought many cultural benefits as UK citizens have had greater opportunities to travel and experience other cultures. This has been good for cultural diversity in the UK.
- Globalisation has encouraged not only to the free movement of goods and labour but also the spread of ideas. This spread of information and ideas has in turn helped economic growth in the UK as UK firms adopt the successful business practices of foreign firms, (e.g. Total Quality Management).

Despite the many advantages of globalisation to the UK economy some economic commentators remain unconvinced as to its benefits. They argue that globalisation has negatively impacted UK citizens and firms in a number of different ways. They argue that:

- Globalisation has led to the closure of UK firms, particularly in manufacturing, who cannot compete with firms in low wage countries. This in turn leads to lower levels of growth and employment.
- Globalisation has been blamed for causing an increase in the share of GDP that goes to capital and a reduction in the share going to labour. This has in turn caused greater levels of income and wealth inequality in the UK
- Globalisation has contributed to a large current account deficit. This deficit has in turn led to a large outflow of funds from the UK circular flow and as a result reduced both economic growth and employment.
- The off shoring by UK firms and the migration of workers to the UK has led to higher levels of unemployment as UK jobs are taken by foreign citizens.
- This immigration has in turn led to problems with social cohesion and

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encouraged the rise of far right parties such as Britain First. Immigration also puts huge strain on UK public services such as health and education.

- Globalisation has had a detrimental impact on the environment as goods are shipped thousands of miles from production to market.
- Globalisation has reduced the ability of UK governments to manage their macro economy. It is difficult for the UK to set tax rates or interest rates which are significantly different from that of their trading partners.
- Globalisation has encouraged the rapid spread of economic problems from one country to another. E.g. the Credit Crunch - started in USA but quickly spread to UK and other countries.
- Globalisation has made it easier for UK firms to off-shore their profits for the purpose of tax evasion. This has reduced the revenue available to governments.
- Globalisation has encouraged the spread of diseases, e.g. swine flu
- Globalisation has reduced cultural identity and has led to cultural imperialism and the spread of American values.

Issues for analysis and discussion include:

- Definition of globalisation
- Explanation of factors which have led to globalisation
- Impact of globalisation on UK consumers
- Impact of globalisation on UK firms
- Impact of globalisation on UK workers
- Impact of globalisation on UK government
- Impact of globalisation on UK culture and traditions
- Appropriate examples
- Appropriate diagrams

Level 1 ([1]–[7])

A basic response provides an answer that demonstrates:

- Basic knowledge and understanding of relevant terminology, concepts, principles and models.
- Basic application of relevant economic principles, terminology, concepts, and models to the context of the question; some limited use of data, and diagrams where relevant, in relation to the context of the question.
- Basic analysis; analysis may lack focus.
- Judgement(s) unsupported.
- A low quality of written communication.

Level 2 ([8]–[15])

A reasonable response provides an answer that demonstrates:

- Reasonable knowledge and understanding of relevant terminology, concepts, principles and models.
- Reasonable application of relevant economic principles, terminology, concepts, and models to the context of the question; some reasonable use of data, and diagrams where relevant, in relation to the context of the question.
- Reasonable analysis in relation to the impact on economic agents; analysis may not be developed fully or may have inaccuracies at times.
- Reasonable judgement(s) building on analysis.
- A reasonable quality of written communication.

Level 3 ([16]–[23])

A good response provides an answer that demonstrates:

- Good knowledge and understanding of relevant terminology, concepts, principles and models.
- Good application of relevant economic principles, terminology, concepts, and models to the context of the question; some reasonable use of data, and diagrams where relevant, in relation to the context of the question.
- Good analysis in relation to the impact on economic agents; analysis may not be developed fully or may have inaccuracies at times.
- Reasonable judgement(s) building on analysis.
- A good quality of written communication.

Level 4 ([24]–[30])

An excellent response provides an answer that demonstrates:

- Excellent accurate knowledge and understanding of relevant terminology, concepts, principles and models.
- Excellent application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used effectively to address the issues in the question.
- Well focused, relevant analysis used accurately and appropriately in relation to the impact on economic agents.
- Informed judgements that directly address the issues in the question and reach clear conclusions built on analysis.
- An excellent quality of written communication. [30]

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- 8 Neoclassical economists have long argued that the government, just like a household, should seek to balance its spending with its income. They argue that since deficit spending must be paid back in the future it is unfair to future generations and can cause perverse political incentives. They also argue that the ability to run large deficits encourages wasteful government spending and can cause crowding out.

Keynesian economists however argue that governments need to be able to run deficits (and surpluses) if they are to successfully use fiscal policy to manage the macro economy. They argue that fiscal flexibility is important to a government in managing the economic cycle and that balanced budgets would be pro cyclical. They also argue that fiscal flexibility is vital to the government in managing infrastructure investment.

Issues for analysis and evaluation include:

- Discussion of balanced budgets, deficits and surpluses
- Discussion of ways in which deficits and surpluses can be measured
- Discussion of different types of deficits/ surplus – cyclical, structural etc
- Discussion of advantages of balanced budgets (or disadvantages of budget deficits):
 - Intergenerational fairness
 - Impact of government borrowing on bond yields and market interest rates
 - Crowding out
 - Cost of borrowing
 - Opportunity cost of interest payments
 - Incentive for politicians to run deficits for political expediency
 - Wasteful nature of government spending
- Discussion of disadvantages of balanced budgets (or advantages of fiscal flexibility)
 - Loss of ability to use fiscal policy to manage the ups and downs of economic cycle
 - Loss of ability to borrow to invest in important infrastructure
 - Pro cyclical nature of balanced budgets
 - Discussion of disadvantages of alternative sources of government finance
- Discussion of the impact of government borrowing on money supply
- Discussion of the possible impact of borrowing on exchange rate
- Discussion of the impact of borrowing macro-economic objectives
- Appropriate examples
- Appropriate diagrams.

Level 1 ([1]–[7])

A basic response provides an answer that demonstrates:

- Basic knowledge and understanding of relevant terminology, concepts, principles and models.
- Basic application of relevant economic principles, terminology, concepts, and models to the context of the question; some limited use of data, and diagrams where relevant, in relation to the context of the question.
- Basic analysis; analysis may lack focus.
- Judgement(s) unsupported.
- A low quality of written communication.

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Level 2 ([8]–[15])

A reasonable response provides an answer that demonstrates:

- Reasonable knowledge and understanding of relevant terminology, concepts, principles and models.
- Reasonable application of relevant economic principles, terminology, concepts, and models to the context of the question; some reasonable use of data, and diagrams where relevant, in relation to the context of the question.
- Reasonable analysis in relation to the impact on economic agents; analysis may not be developed fully or may have inaccuracies at times.
- Reasonable judgement(s) building on analysis.
- A reasonable quality of written communication.

Level 3 ([16]–[23])

A good response provides an answer that demonstrates:

- Good knowledge and understanding of relevant terminology, concepts, principles and models.
- Good application of relevant economic principles, terminology, concepts, and models to the context of the question; some reasonable use of data, and diagrams where relevant, in relation to the context of the question.
- Good analysis in relation to the impact on economic agents; analysis may not be developed fully or may have inaccuracies at times.
- Reasonable judgement(s) building on analysis.
- A good quality of written communication.

Level 4 ([24]–[30])

An excellent response provides an answer that demonstrates:

- Excellent accurate knowledge and understanding of relevant terminology, concepts, principles and models.
- Excellent application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used effectively to address the issues in the question.
- Well focused, relevant analysis used accurately and appropriately in relation to the impact on economic agents.
- Informed judgements that directly address the issues in the question and reach clear conclusions built on analysis.
- An excellent quality of written communication. [30]

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90