



General Certificate of Secondary Education
2017

Economics

Paper 1

[G9271]

MONDAY 5TH JUNE, AFTERNOON

**MARK
SCHEME**

General Marking Instructions

Introduction

Mark schemes are published to assist teachers and students in their preparation for examinations. Through the mark schemes teachers and students will be able to see what examiners are looking for in response to questions and exactly where the marks have been awarded. The publishing of the mark schemes may help to show that examiners are not concerned about finding out what a student does not know but rather with rewarding students for what they do know.

The Purpose of Mark Schemes

Examination papers are set and revised by teams of examiners and revisers appointed by the Council. The teams of examiners and revisers include experienced teachers who are familiar with the level and standards expected of students in schools and colleges.

The job of the examiners is to set the questions and the mark schemes; and the job of the revisers is to review the questions and mark schemes commenting on a large range of issues about which they must be satisfied before the question papers and mark schemes are finalised.

The questions and the mark schemes are developed in association with each other so that the issues of differentiation and positive achievement can be addressed right from the start. Mark schemes, therefore, are regarded as part of an integral process which begins with the setting of questions and ends with the marking of the examination.

The main purpose of the mark scheme is to provide a uniform basis for the marking process so that all the markers are following exactly the same instructions and making the same judgements in so far as this is possible. Before marking begins a standardising meeting is held where all the markers are briefed using the mark scheme and samples of the students' work in the form of scripts. Consideration is also given at this stage to any comments on the operational papers received from teachers and their organisations. During this meeting, and up to and including the end of the marking, there is provision for amendments to be made to the mark scheme. What is published represents this final form of the mark scheme.

It is important to recognise that in some cases there may well be other correct responses which are equally acceptable to those published: the mark scheme can only cover those responses which emerged in the examination. There may also be instances where certain judgements may have to be left to the experience of the examiner, for example, where there is no absolute correct response – all teachers will be familiar with making such judgements.

Introduction

AVAILABLE
MARKS

60 marks are allocated to the report-writing task for Paper 1. Candidates' reports will be marked holistically by examiners according to the following criteria. Candidates will be assessed on their ability to:

- recall, select and communicate their knowledge and understanding of economic concepts, issues and terminology (15 marks);
- apply skills, knowledge and understanding to the context of the pre-released case study (18 marks);
- analyse and evaluate evidence, make reasoned judgements and present appropriate conclusions (27 marks).

For each of the above assessment criteria there are four levels of response. If no success has been demonstrated for any criterion then no mark should be awarded for that criterion.

A level 1 response indicates a limited performance.

A level 2 response indicates a fair performance.

A level 3 response indicates a good performance.

A level 4 response indicates an excellent performance.

Report-writing task: anticipated responses

The following is an indication of the areas that candidates might be expected to cover in their report.

1. Introduction
Candidates should write a concise and clear introduction that reflects the task that has been set.
2. Describe the trends in the annual percentage change in GDP of less developed countries between 2011 and 2013 and contrast this with developed countries.

One key point to note in interpreting the data in Source 1 is that it refers to year on year change (annual percentage change) and not the absolute change over time. The data states that there is still an absolute difference between the developed and developing worlds as the average income per person in less developed countries is still only 4% that of the average of developed countries.

The graphical data show that:

- Annual percentage growth has slowed down across the world, the EU, developed and developing countries.
- Annual growth in developed countries is low at just over 1% per year, and has fallen from 1.5% to 1.1% between 2011 and 2013.
- The annual rate for developing countries is higher but has also slowed down from the 5.7% in 2011 to just over 4% in 2013.

3. Using examples compare the main features of a less developed economy with a developed economy.

Source 2 provides a range of social and economic data to interpret about the four examples of economies. The UK is an example of a developed economy, China and India are two of the so-called BRIC countries and are good examples

of newly industrialised economies (NICs) while Malawi is still a less developed/developing economy.

AVAILABLE MARKS

Key points to contrast developed and developing countries include:

- China and India's demographic profiles may not be typical of NICs as they are two of the world's most populated countries. China has the higher life expectancy and lower infant mortality rates than India, possibly because it has more doctors per head of the population and spends a considerable portion of GDP on health (health profile data).
- Malawi is typical of a developing country and has a lower life expectancy at just over 63 years than the UK at 81 years.
- The economic profile of Malawi contrasts sharply with the UK – GNI per person is considerably lower at \$747 per person compared to \$39 267 per person.
- With agriculture contributing 32% of Malawi's economy in contrast to India's 17% and China's 10%, it suggests that Malawi is a less industrialised economy. The UK has only 1% of its population involved in agriculture.
- One of the most revealing statistics that separate the UK from Malawi is their type of exports – in the UK 70% are manufactured goods while only 16% of Malawi's exports are goods.

Other examples not included in the source material can be used to support points.

4. Discuss how the UK helps the economic development of less developed countries.

The source material (Sources 3 and 4) indicate that the UK is strongly committed to overseas foreign aid and has now enshrined in law that it will provide 0.7% of GNI to the overseas aid budget every year, just one of five countries to give this proportion. The government has also signed up to the UN's new Sustainable Development Goals (SDGs) so these will provide a basis against which aid resources will be allocated.

Key points to note include:

- In 2015, £12 billion was given in aid, approximately 60% of went on bilateral aid – aid to specific countries, while 40% went on multilateral aid – aid given to organisations like the world bank and the EU to distribute in accordance with their policies.
- Some countries receive more aid than others and the government has been reviewing how and where aid is allocated partly because of changed circumstances in the world making some countries more in need than others, and partly due to criticisms that aid is being wasted and given to inappropriate activities.
- Source 4 outlines the 10 biggest recipients of aid with Pakistan the top ranked with £340 billion in 2013. Some commentators feel that some aid is allocated to try and address the terrorist threat from particular countries e.g. Afghanistan, Kenya, and Syria.
- Multilateral aid, directed through organisations, has a strong health bias (Global Fund to Fight AIDS, Tuberculosis and Malaria and Global Alliance on Vaccines and Immunization are recipients) and on the development of clean technology, linking in with the SDG on sustainable development.
- Source 4 also outlines that bilateral aid is given to develop health, education, government and civil society and economic infrastructure and services as well as for humanitarian reasons.

- Source 5 outlines several criticisms of the uses of UK aid.
- Aid may be comprised of human resources and capital investment as well as straightforward financial aid. The UK also provides support through preferential trade agreements for former colonies.

5. Explain how countries may benefit from the removal of trade barriers and the opening up of global trade.

AVAILABLE MARKS

With the removal of trade barriers, international trade has become more open and world markets for goods, services and capital have become more integrated. This is known as the process of globalisation. If the conditions are right in countries, more open trade can support economic growth and improvements in standards of living. However, more open trade has helped make large multinational companies more powerful at the expense of the population of poorer countries. Other criticisms of removing trade barriers are like the example of sugar in Source 6, changes to trade agreements can have a dramatic effect on developing countries if they have not been given time to adjust to the transition and strengthen their ability to compete in more open markets.

The extent to which more open trade may have positive effects on developing countries will depend on:

- Their stage of development and how open they are to international markets.
- The resources they have trade with and whether they can establish a comparative advantage in production of a good or service.
- Some developed countries have successfully developed a niche market, for example in tourism.
- How able their government is to take advantage of opportunities.
- The standard of education in the country and whether there is a developing workforce who can work in a global organisation should it choose to invest.

6. Discuss whether developed countries should use international trade or aid to help developing countries achieve sustainable economic development.

Aid is provided to less developed countries (LDCs) by foreign donors, such as the UK government, to help alleviate poverty and to fund economic development. It may also be provided by charities or multinational bodies like the World Bank. It may take the form of money, goods or expertise.

Aid has many beneficial impacts:

- It can support targeted projects such as building infrastructure or providing education that bring social benefits to the country. This also helps to move the country on at a faster rate than had they been relying on their own resources to fund these projects.

However, there are possible reasons why aid may be bad for LDCs would include:

- The aid might not be appropriate.
- The aid could be siphoned off by corrupt politicians in LDCs.
- The aid might make LDCs dependent on donor countries.
- Aid could make them less able to adjust to open market competition.

There are alternative policies that may be better for developing countries to implement in the long run to support their economic development rather than

relying on foreign aid. For example, if developing countries are able to take advantage of free trade opportunities that have opened following the work of the World Trade Organisation (WTO). However, LDC industries may not be able to compete internationally and developed countries may set up barriers to trade.

AVAILABLE
MARKS

Many developing countries are also dependent on the export of commodities and are often susceptible to volatile world prices, as in the example of sugar. While trade is an important component of a development strategy, it also has risks.

Sustainable economic development (and the SDGs) focuses on a wider range of issues and not just the measurement of GNI. Developing countries, and the developed world that trades with them, need to consider longer term sustainability and not just short term economic gain.

Levels of response: guidelines for examiners

The following guidelines are provided for examiners in identifying levels of response for each assessment criterion:

(AO1) Recall, select and communicate their knowledge and understanding of economic concepts, issues and terminology:

Level of response	Description	Mark
0	No relevant concepts, issues and terms are included in the report.	0
1	Few relevant concepts, issues and terms are included in the report. There is only very restricted evidence of understanding. Quality of written communication is limited.	1–5
2	Relevant concepts, issues and terms are included in the report. There is some evidence of understanding. Quality of written communication is satisfactory.	6–9
3	Most of the report makes effective use of relevant concepts, issues and terms. There is evidence of good understanding. Quality of written communication is of a high standard.	10–12
4	The report makes extensive and skilful use of a wide range of relevant concepts, issues and terms. There is clear evidence of highly developed understanding. Quality of written communication is excellent.	13–15

15

(AO2) Apply skills, knowledge and understanding to the context of the pre-released case study:

AVAILABLE MARKS

Level of response	Description	Mark
0	No relevant skills, knowledge and understanding are applied to the topic of the challenges facing developing countries in a global market.	0
1	A restricted range of basic skills, knowledge and understanding are applied to the topic of the challenges facing developing countries in a global market. Quality of written communication is limited.	1–6
2	Some relevant skills, knowledge and understanding are applied to the topic of the challenges facing developing countries in a global market. Quality of written communication is satisfactory.	7–10
3	A good range of relevant skills, knowledge and understanding are effectively applied to the topic of the challenges facing developing countries in a global market. Quality of written communication is of a high standard.	11–14
4	A wide range of relevant skills, knowledge and understanding are successfully applied to the topic of the challenges facing developing countries in a global market. Quality of written communication is excellent.	15–18

18

(AO3) Analyse and evaluate evidence, make reasoned judgements and present appropriate conclusions:

			AVAILABLE MARKS
Level of response	Description	Mark	
0	No relevant analysis, evaluation, judgement or conclusion provided.	0	
1	Evidence is only superficially analysed and there is little attempt at evaluation. Basic judgements are made but tend to lack reasoning. Conclusions and recommendations are unsupported. Quality of written communication is limited.	1–9	
2	Evidence is partially analysed and evaluated. Some relevant judgements are made but inadequately explained. Conclusions and recommendations are presented but insufficiently supported. Quality of written communication is satisfactory.	10–15	
3	Most evidence is analysed and evaluated. Relevant and reasoned judgements are made. Conclusions and recommendations are appropriately presented and adequately supported. Quality of written communication is of a high standard.	16–21	
4	Nearly all evidence is comprehensively analysed and evaluated. All judgements are well reasoned and consistent. Conclusions and recommendations are clearly presented and well supported. Quality of written communication is excellent.	22–27	
			27
Total			60