

INTERNATIONAL A-LEVEL **ECONOMICS**

EC04

Unit 4 Economic Development and the Global Economy

Mark scheme

January 2025

Version: 1.0 Final



Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

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International A-level Economics mark scheme

How to mark

Aims

When you are marking your allocation of scripts your main aims should be to:

- recognise and identify the achievements of students
- place students in the appropriate mark band and in the appropriate part of that mark band (high, low, middle)
- record your judgements with brief notes, annotations and comments that are relevant to the mark scheme and make it clear to other examiners how you have arrived at the numerical mark awarded
- put into a rank order the achievements of students (not to grade them – that is done later using the rank order that your marking has produced)
- ensure comparability of assessment for all students, regardless of question or examiner.

Approach

It is important to be **open minded** and **positive** when marking scripts.

The specification recognises the variety of experiences and knowledge that students will have. It encourages them to study Economics in a way that is relevant to them. The questions have been designed to give them opportunities to discuss what they have found out about Economics. It is important to assess the quality of **what the student offers**.

Assessment Objectives

This component requires students to:

AO1	Demonstrate knowledge of terms/concepts and theories/models to show an understanding of the behaviour of economic agents and how they are affected by and respond to economic issues.
AO2	Apply knowledge and understanding to various economic contexts to show how economic agents are affected by and respond to economic issues.
AO3	Analyse issues within economics, showing an understanding of their impact on economic agents.
AO4	Evaluate economic arguments and use qualitative and quantitative evidence to support informed judgements relating to economic issues.

The marking grids

The marking grids cover all the Assessment Objectives indicated as being assessed in each question, followed by indicative content for individual tasks. These have been designed to allow assessment of the range of knowledge, understanding and skills that the specification demands.

The indicative content gives examples of the kind of things students might cover in their responses. They are neither exhaustive nor required – they are simply indicative of what could appear. Other valid content presented in student responses should always be credited.

Using the grids

These levels of response mark schemes are broken down into levels, each of which has descriptors. The descriptors for the level show the performance characteristics of the level. There is the same number of marks in each level. The number of marks per level varies depending upon the total number of marks allocated to the question.

Having familiarised yourself with the descriptors and indicative content, read through the answer and annotate it to identify the qualities that are being looked for and that it shows. You can now check the levels and award a mark.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptors for that level. The descriptors for the level indicate the different qualities that might be seen in the student's answer for that level.

When assigning a level, you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best-fit approach for defining the level and then use the variability of the response to help decide the mark within the level; ie if the response fulfils most but not all of level 3 with a small amount of level 4 material, it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark.

It is often best to start in the middle of the level's mark range and then check and adjust.

The exemplar materials used during standardisation should be referred to. There will be an answer in the standardising materials that will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is of the same standard, better or worse. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

An answer that contains nothing of relevance to the question must be awarded no marks.

Examiners are required to assign each of the students' responses to the most appropriate level according to its overall quality, then allocate a single mark within the level. When deciding upon a mark in a level, examiners should bear in mind the relative weightings of the Assessment Objectives and be careful not to over/under credit a particular skill. For example, in question 13 more weight should be given to AO3 than to AO1 and AO2. This will be exemplified and reinforced as part of examiner training.

Annotating scripts

Annotating scripts will help you with making accurate judgements and it will help any subsequent markers to identify how you are thinking. Please do not write negative comments about students' work; this is unprofessional and it impedes a positive marking approach.

Section A

Total for this section: 10 marks

Question	Part	Marking guidance	Total marks
01		<p>Which one of the following best describes how transnational corporations (TNCs) operate?</p> <p>Answer: C (TNCs produce and sell their products in a number of different countries.)</p>	<p>1</p> <p>AO1 = 1</p>

Question	Part	Marking guidance	Total marks
02		<p>The surplus on the country's balance of trade in goods and services increases.</p> <p>All other things being equal, how is this most likely to affect the country's equilibrium level of real national income?</p> <p>Answer: D (Real national income rises from L to N)</p>	<p>1</p> <p>AO2 = 1</p>

Question	Part	Marking guidance	Total marks
03		<p>The control of inflation is an important role of a central bank.</p> <p>If inflation in a country is too high, its central bank may</p> <p>Answer: D (sell government bonds.)</p>	<p>1</p> <p>AO1 = 1</p>

Question	Part	Marking guidance	Total marks
04		<p>Speculation and herding behaviour may cause large fluctuations in an exchange rate.</p> <p>This can happen when</p> <p>Answer: A (speculators buy a currency that is appreciating because they believe that the exchange rate will continue to rise.)</p>	<p>1</p> <p>AO2 = 1</p>

Question	Part	Marking guidance	Total marks
05		<p>Moral hazard is most likely to increase when</p> <p>Answer: B (a firm agrees to pay for the insurance on cars owned by workers that are sometimes used on company business.)</p>	<p>1</p> <p>AO1 = 1</p>

Question	Part	Marking guidance	Total marks
06		<p>How much extra interest, in total, will the firm have to pay as a result of the rise in the rate of interest?</p> <p>Answer: C (\$1500)</p>	<p>1</p> <p>AO2 = 1</p>

Question	Part	Marking guidance	Total marks
07		<p>What was the approximate change in the purchasing power of the country's currency?</p> <p>Answer: C (Increased by 15%)</p>	<p>1</p> <p>AO2 = 1</p>

Question	Part	Marking guidance	Total marks																
08		<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th>Year</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>FDI (\$ billion)</td> <td>8107</td> <td>7409</td> <td>8141</td> <td>9010</td> <td>5852</td> <td>5122</td> <td>11400</td> </tr> </tbody> </table> <p>For the period 2016 to 2022, the median value of the annual net inflow of FDI for Egypt was</p> <p>Answer: C (\$8107 billion.)</p>	Year	2016	2017	2018	2019	2020	2021	2022	FDI (\$ billion)	8107	7409	8141	9010	5852	5122	11400	<p>1</p> <p>AO2 = 1</p>
Year	2016	2017	2018	2019	2020	2021	2022												
FDI (\$ billion)	8107	7409	8141	9010	5852	5122	11400												

Question	Part	Marking guidance	Total marks
09		<p>All other things being equal, which one of the following economic policies is most likely to cause the country's macroeconomic equilibrium to move from point M to point N?</p> <p>Answer: A (A rise in government spending on education and training)</p>	<p>1</p> <p>AO1 = 1</p>

Question	Part	Marking guidance	Total marks												
10		<table border="1"> <thead> <tr> <th colspan="2">Price of a box of soap</th> <th colspan="2">Pound/euro exchange rate</th> </tr> <tr> <th>2023</th> <th>2024</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>£20</td> <td>£24</td> <td>£1.00 = €1.00</td> <td>£1.00 = €1.20</td> </tr> </tbody> </table> <p>What is the percentage change in the price, in euros, that the French importer has to pay for each box of soap, between 2023 and 2024?</p> <p>Answer: D (44%)</p>	Price of a box of soap		Pound/euro exchange rate		2023	2024	2023	2024	£20	£24	£1.00 = €1.00	£1.00 = €1.20	<p>1</p> <p>AO3 = 1</p>
Price of a box of soap		Pound/euro exchange rate													
2023	2024	2023	2024												
£20	£24	£1.00 = €1.00	£1.00 = €1.20												

Section B

Total for this section: 10 marks

Question	Part	Marking guidance	Total marks
11	1	<p>What is the difference between a direct tax and an indirect tax?</p> <p>A full and precise explanation of the difference is given (2 marks)</p> <p>Examples of acceptable explanations worth 2 marks:</p> <ul style="list-style-type: none"> • a direct tax is a tax on income and wealth whereas an indirect tax is a tax on spending • a direct tax is paid by the taxpayer to the government whereas an indirect tax can be shifted (passed on) to someone else. <p>The substantive content of the difference is correct, but there may be some imprecision or inaccuracy (1 mark)</p> <p>Examples of explanations worth 1 mark:</p> <ul style="list-style-type: none"> • a direct tax is a tax on income (or wealth or profits) • an indirect tax is a tax on expenditure • an indirect tax can be passed on to someone else • an example of a direct tax (eg income tax) and an example of an indirect tax (eg VAT). 	<p>2</p> <p>AO1 = 2</p>

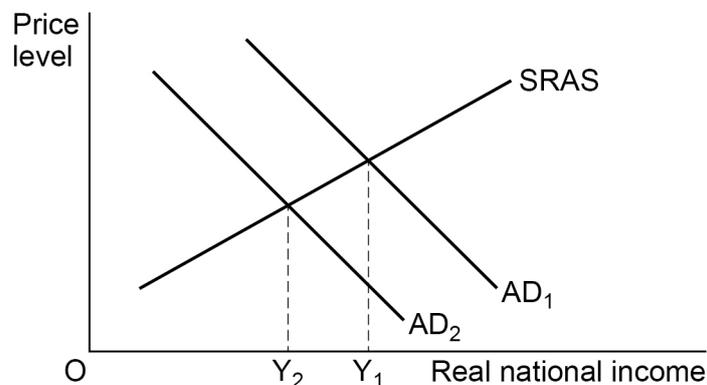
		<p>For the correct calculation of the tax or change in tax in Year 2: eg \$95bn or 15</p> <p>OR</p> <p>For the correct calculation of the budget balance, without the correct units: eg £25bn, \$25 or 25</p> <p>OR</p> <p>For the correct method throughout but the wrong answer</p>	<p>1 mark</p>	
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Question	Part	Marking guidance	Total marks
11	3	Explain, using a diagram, how a reduction in a government's budget deficit is likely to affect a country's national income in the short run.	4 AO1 = 1 AO2 = 3

Level	Marks	Descriptor
2	3–4	<ul style="list-style-type: none"> Shows good knowledge and understanding of how a reduction in the government's budget deficit is likely to affect a country's national income in the short run. Includes a relevant diagram that will, at the top of this level, be accurate and used appropriately.
1	1–2	<ul style="list-style-type: none"> Shows some limited knowledge and understanding of how a reduction in the government's budget deficit is likely to affect a country's national income in the short run. May include a relevant diagram but the diagram is not used and/or is inaccurate in some respects.
	0	No creditworthy material

Indicative content:

The expected diagram is an AD/AS diagram, showing a leftwards shift (decrease) in AD and a reduction in real national output/real national income/real GDP.



Acceptable labels include:

Vertical axis: Price level, PL, Inflation, currency symbol such as \$ or € but not Price or P.

Horizontal axis: Real national Income, Real GDP, Real Output, Total Output, National Output, Y, RNO and NI but not Quantity or Q.

AS curve: AS and SRAS but not LRAS

AD curve: AD and Aggregate demand but not D or Demand

An example of an acceptable explanation:

A budget deficit is when government expenditure is greater than tax revenue. A budget deficit is a net injection into the circular flow of income. A reduction in the budget deficit means that the net injection of demand into the economy from the government sector has fallen, perhaps due to a cut in government spending or an increase in taxation. This will lead to an initial fall in aggregate demand (AD) which is likely to be increased by the multiplier effect. In the short run, a reduction in AD will lead to a fall in output, incomes and employment. As can be seen in the diagram, the leftward shift in AD has reduced real national income from Y_1 to Y_2 .

A candidate should be rewarded for a diagram that shows a leftward shift in the SRAS curve **provided** it is accompanied by a valid explanation, for example, linking the fall in the budget deficit to a rise in indirect taxation.

Credit valid alternative content.

MAXIMUM FOR QUESTION 11: 10 MARKS

Section C

Total for this section: 45 marks

Question	Part	Marking guidance	Total marks
12	1	<p>Extract A shows the output gap and the change in consumer prices (an indicator of inflation), in Indonesia between 2015 and 2023.</p> <p>Explain why Indonesia's output gap is likely to affect the change in its consumer prices.</p>	<p>4</p> <p>AO1 = 1 AO2 = 1 AO3 = 2</p>

Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best-fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question.

Level	Marks	Descriptor
2	3–4	<ul style="list-style-type: none"> Shows sound knowledge and understanding of relevant economic terminology, concepts and principles. Includes reasonable application of relevant economic principles to support the response. Includes well-focused analysis with a clear, logical chain of reasoning.
1	1–2	<ul style="list-style-type: none"> Shows some limited knowledge and understanding of relevant economic terminology, concepts and principles. May include some application of relevant economic principles to the question. May include some attempted analysis but the analysis is not adequately developed and/or may be confused.
	0	No creditworthy material

Indicative content:

- definition of output gap, positive output gap, negative output gap, inflation
- explanation that the percentage change in consumer prices is one measure of inflation
- statement that when there is a positive output gap the rate at which consumer prices are rising (inflation) is likely to increase and that when there is a negative output gap the rate at which consumer prices are rising is likely to fall (disinflation)
- the significance of the size of the output gap and whether it is increasing or decreasing
- explanation of the relationship between the output gap, aggregate demand, the goods market and demand-pull inflation
- explanation of the relationship between the output gap, the labour market and cost-push inflationary pressures
- explanation of how the output gap may relate to the balance of payments, changes in the exchange rate and hence inflationary pressures.

The use of relevant diagrams to support explanations should be taken into account when assessing the quality of the student's response to the question.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
12	2	To what extent do the data suggest that Indonesia's output gap affected the change in its consumer prices between 2015 and 2023? Use the data in Extract A to support your answer.	4 AO1 = 1 AO2 = 1 AO4 = 2

Examiners are reminded that AO1, AO2 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best-fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question.

Level	Marks	Descriptor
2	3–4	<ul style="list-style-type: none"> Includes sound evidence that indicates the extent to which Indonesia's output gap affected the change in its consumer prices. Includes a supported judgement concerning the extent to which Indonesia's output gap affected the change in its consumer prices.
1	1–2	<ul style="list-style-type: none"> Includes some limited evidence that indicates the extent to which Indonesia's output gap affected the change in its consumer prices. May attempt a judgement concerning the extent to which Indonesia's output gap affected the change in its consumer prices.
	0	No creditworthy material

Indicative content:

- at the start of the period, in 2015, the output gap was positive (+0.3% of GDP) and change in consumer prices was 6.4% whereas at the end of the period, 2023, there was a negative output gap (–0.2% of GDP) and the increase in consumer prices (inflation) was lower (4.4%)
- in 2015, the only year in which the output gap was positive (+0.3% of GDP) the increase/change in consumer prices was highest (6.4%)
- in 2020, the year in which the negative output gap was largest (–3.4% of GDP), the increase/change in consumer prices was second lowest (2.0%)
- the lowest increase in consumer prices (1.6%) was in 2021 when there was the second-highest negative output gap (2.8% of GDP)
- between 2016 and 2020, the negative output gap increased from –0.1% to –3.4% of GDP and the increase in consumer prices (inflation) fell from 3.5% to 2.0% (there was disinflation)
- between 2020 and 2023, the negative output gap fell from –3.4% to –0.2% of GDP and the increase in consumer prices rose (inflation) from 2.0% to 4.4%
- all of the above support the view that an increase in the size of the Indonesia's negative output gap has led to a fall in the rate of increase in consumer prices (disinflation) and that a fall in the negative output gap (or positive output gap) has led to a rise in the rate of increase in consumer prices
- however, there are some anomalies, for example, between 2016 and 2017, the negative output gap rose from –0.1% of GDP to –0.5% of GDP and the rate of increase in consumer prices also rose from 3.5% to 3.8%. Similarly, between 2017 and 2018 **and** between 2018 and 2019 **and** between 2020 and 2021, the negative output gap fell and the rate of increase in consumer prices also fell, ie there was disinflation
- there is some evidence that there might be a time lag between the change in the size of the output gap and the rate of increase in consumer prices
- consideration of whether the size of the output gap matters more than just whether it is positive or negative
- consideration of other factors that might affect the rate of increase in consumer prices, for example: changes in world commodity prices, change in the exchange rate, the global pandemic

- students are likely to conclude that there is strong evidence to support the view that Indonesia's output gap has affected the change in its consumer prices with a larger negative output gap generally associated with a lower rate of increase in consumer prices (inflation).

Credit valid alternative content.

MAXIMUM FOR QUESTION 12: 8 MARKS

Question	Part	Marking guidance	Total marks
13		<p>Extract B (lines 3–5) states: ‘Since 2000, Indonesia’s economic growth has been high and stable, with an average annual rate of growth in real GDP of more than 5%.’</p> <p>Explain how high and stable economic growth since 2000 is likely to have contributed to the economic development of Indonesia.</p>	<p>12</p> <p>AO1 = 3 AO2 = 3 AO3 = 6</p>

Examiners are reminded that AO1, AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best-fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question. More weight should therefore be given to AO3 than AO1 and AO2.

Level	Marks	Descriptor
3	9–12	<ul style="list-style-type: none"> Is well organised and develops one or more of the key issues that are relevant to the question. Shows sound knowledge and understanding of relevant economic terminology, concepts and principles. Includes good application of relevant economic principles and/or good use of data to support the response. Includes well-focused analysis with a clear, logical chain of reasoning. May include a relevant diagram that is accurate and used appropriately to support their explanation.
2	5–8	<ul style="list-style-type: none"> Includes one or more issues that are relevant to the question. Shows reasonable knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present. Includes reasonable application of relevant economic principles and/or data to the question. Includes some reasonable analysis but it might not be adequately developed and may be confused in places. May include a relevant diagram to support their explanation.
1	1–4	<ul style="list-style-type: none"> Is very brief and/or lacks coherence. Shows some limited knowledge and understanding of economic terminology, concepts and principles but some errors are likely. Demonstrates very limited ability to apply relevant economic principles and/or data to the question. May include some very limited analysis but the analysis lacks focus and/or becomes confused. May include a diagram but the diagram is likely to be inaccurate in some respects or is inappropriate.
	0	No creditworthy material

Indicative content:

- explanation of what is meant by economic growth and economic development
- explanation of the cumulative effects of economic growth on, for example, investment, human capital and infrastructure
- economic growth means that more goods and services are produced and available to consume, and is therefore likely to lead to an increase in material living standards
- explanation of how economic growth creates employment and can help to reduce unemployment

- explanation of how economic growth is likely to lead to a reduction in absolute poverty, perhaps supported by the data in **Table 4** that shows the poverty ratio falling from 43.6% living on less than \$2.15 per day in 2000 to only 3.5% in 2021
- explanation of how economic growth leads to an increase in government tax revenue and allows an increase in government spending on public and merit goods
- explanation of how increased spending on education contributes to economic development
- how the data in **Table 4** show that the mean years of schooling has increased from 6 years to 8.6 years
- explanation of how increased spending on health contributes to economic development
- how the data in **Table 4** show that there has been an increase in life expectancy from 66.43 years to 67.57 years
- how the data in **Table 4** show that the HDI has increased from 0.595 to 0.705, indicating that high and stable growth has probably contributed to economic development in Indonesia over the period
- explanation of how increased spending on public goods and infrastructure contributes to sustainable economic development
- explanation of the importance of 'stable' economic growth in supporting economic development.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
14		<p>Extract C (lines 17–19) states: ‘In June 2023, Indonesia imposed a ban on the export of bauxite, which is used to make aluminium. It is likely that export bans will soon be imposed on other minerals, such as copper.’</p> <p>Assess the likely effects of an increase in the use of protectionist policies by Indonesia on its economic performance.</p>	<p>25</p> <p>AO1 = 4 AO2 = 3 AO3 = 9 AO4 = 9</p>

Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best-fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question. More weight should therefore be given to AO4 and AO3 than AO1 and AO2.

Level	Marks	Descriptor
5	21–25	<p>Sound, focused analysis and well-supported evaluation that:</p> <ul style="list-style-type: none"> • is well organised, showing sound knowledge and understanding of economic terminology, concepts and principles with few, if any, errors • includes good application of relevant economic principles to the given context and, where appropriate, good use of data to support the response • includes well-focused analysis with clear, logical chains of reasoning • includes supported evaluation throughout the response and in a final conclusion.
4	16–20	<p>Sound, focused analysis and some supported evaluation that:</p> <ul style="list-style-type: none"> • is organised, showing sound knowledge and understanding of economic terminology, concepts and principles but some minor errors may be present • includes some good application of relevant economic principles to the given context and, where appropriate, some good use of data to support the response • includes some well-focused analysis with clear, logical chains of reasoning • includes some reasonable, supported evaluation.
3	11–15	<p>Some reasonable analysis but generally unsupported evaluation that:</p> <ul style="list-style-type: none"> • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present • includes reasonable application of relevant economic principles to the given context and, where appropriate, some use of data to support the response • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes fairly superficial evaluation; there is likely to be some attempt to make relevant judgements but these aren’t well-supported by arguments and/or data.
2	6–10	<p>A fairly weak response with some understanding that:</p> <ul style="list-style-type: none"> • includes some limited knowledge and understanding of economic terminology, concepts and principles but some errors are likely • includes some limited application of relevant economic principles to the given context and/or data to the question • includes some limited analysis but it may lack focus and/or become confused • includes some evaluation which is weak and unsupported.

1	1–5	<p>A very weak response that:</p> <ul style="list-style-type: none"> • includes little relevant knowledge and understanding of economic terminology, concepts and principles • includes application to the given context which is, at best, very weak • includes attempted analysis which is weak and unsupported.
	0	No creditworthy material

Indicative content:

- explanation of what is meant by economic performance
- explanation of what is meant by protectionist policies
- use of data in **Extract C** to identify examples of protectionist policies used by Indonesia, eg tariffs, quotas, export subsidies and export bans
- analysis of benefits of free trade using the model of comparative advantage
- the significance of Indonesia’s trade agreements and its membership of the WTO
- analysis of the impact of specific protectionist policies
- reasons why Indonesia imposed a ban on the export of nickel and bauxite and plans to ban the export of other minerals
- evaluation of possible benefits of protectionist policies:
 - to allow infant industries to expand, benefit from economies of scale, become more efficient and hence more competitive
 - to create employment and reduce unemployment
 - to diversify Indonesia’s economy
 - to promote economic growth
 - to promote inward investment (FDI) in Indonesia in the processing of the minerals that are subject to an export ban
 - to encourage investment in other manufacturing industries that use these minerals, for example, manufacturing electric vehicles
 - the significance of the Prebisch-Singer hypothesis
- evaluation of possible costs of protectionist policies:
 - higher prices adding to inflationary pressures
 - banning the sale of commodities means less export revenue, at least in the short run
 - benefits of specialisation, as illustrated by the principle of comparative advantage, are lost
 - reduced competition allowing inefficient producers to survive
 - reduced competition reducing the incentive to invest in research and development (R&D) and improve dynamic efficiency
 - lower economic growth and employment in the long run
 - the likelihood of retaliation making everyone worse off
- analysis and evaluation of the likely short-run and long-run effects on Indonesia’s balance of payments
- an overall assessment of the impact of protectionist policies on Indonesia’s economic performance.

The use of relevant diagrams to support the analysis should be taken into account when assessing the quality of the student’s response to the question.

Credit valid alternative content.

Section D

Total for this section: 25 marks

Question	Part	Marking guidance	Total marks
15		<p>The governments of many countries have introduced policies to attract visitors from abroad. While tourism may support the local economy, there are disadvantages for people who live in areas that are visited by large numbers of tourists.</p> <p>Evaluate the view that the promotion of tourism by governments of less economically developed countries (LEDCs) will improve the living standards of their citizens.</p>	<p>25</p> <p>AO1 = 4 AO2 = 3 AO3 = 9 AO4 = 9</p>

Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best-fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question. More weight should therefore be given to AO4 and AO3 than AO1 and AO2.

Level	Marks	Descriptor
5	21–25	<p>Sound, focused analysis and well-supported evaluation that:</p> <ul style="list-style-type: none"> • is well organised, showing sound knowledge and understanding of economic terminology, concepts and principles with few, if any, errors • includes good application of relevant economic principles to the given context and, where appropriate, good use of data to support the response • includes well-focused analysis with clear, logical chains of reasoning • includes supported evaluation throughout the response and in a final conclusion.
4	16–20	<p>Sound, focused analysis and some supported evaluation that:</p> <ul style="list-style-type: none"> • is organised, showing sound knowledge and understanding of economic terminology, concepts and principles but some minor errors may be present • includes some good application of relevant economic principles to the given context and, where appropriate, some good use of data to support the response • includes some well-focused analysis with clear, logical chains of reasoning • includes some reasonable, supported evaluation.
3	11–15	<p>Some reasonable analysis but generally unsupported evaluation that:</p> <ul style="list-style-type: none"> • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present • includes reasonable application of relevant economic principles to the given context and, where appropriate, some use of data to support the response • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes fairly superficial evaluation; there is likely to be some attempt to make relevant judgements but these aren't well-supported by arguments and/or data.
2	6–10	<p>A fairly weak response with some understanding that:</p> <ul style="list-style-type: none"> • includes some limited knowledge and understanding of economic terminology, concepts and principles but some errors are likely • includes some limited application of relevant economic principles to the given context and/or data to the question • includes some limited analysis but it may lack focus and/or become confused • includes some evaluation which is weak and unsupported.

1	1–5	<p>A very weak response that:</p> <ul style="list-style-type: none"> • includes little relevant knowledge and understanding of economic terminology, concepts and principles • includes application to the given context which is, at best, very weak • includes attempted analysis which is weak and unsupported.
	0	No creditworthy material

Indicative content:

- explanation of what is meant by living standards, LEDCs
- tourism as an invisible export
- analysis of how an increase in tourism is likely to generate foreign exchange
- evaluation of the benefits of increased foreign exchange for a LEDC
- analysis of how the promotion of tourism is likely to encourage FDI
- analysis of how investment in tourism will have a multiplier effect and increase national income
- analysis of how spending by tourists (exports) will also have a multiplier effect and increase national income
- analysis and evaluation of how tourism is likely to affect transport infrastructure, such as ports and airports
- analysis of how the promotion of tourism is likely to affect government finances
- evaluation of benefits of promoting tourism for living standards:
 - creates employment and incomes for people
 - creates employment for female workers who tend to be under-represented in the labour force in LEDCs
 - the demand for tourism is income elastic, meaning that as the world economy grows, there is likely to be a more than proportionate increase in tourism
 - diversification of the economy
 - may lead to investment in human capital that improves people’s ability to earn higher wages both within and outside the tourist industry
 - helps to strengthen the exchange rate and reduce the cost of imports
 - may lead to an increase in tax revenue and allow an increase in government spending on merit goods, public goods and measures to reduce poverty and inequality
 - may create jobs in rural areas and opportunities for small businesses
- evaluation of costs of promoting tourism for living standards:
 - may cause congestion and other problems in tourist areas
 - damage to the environment from some tourist activities
 - can be very susceptible to changes in the world economy and hence lead to instability
 - a significant share of the profits may go to transnational corporations and be sent abroad
 - wages paid to local residents may be low and do little to raise living standards
 - the benefits are likely to be concentrated in a limited number of locations and may be seasonal
 - the financial costs of government support for tourism may have an opportunity cost that leads to a reduction in living standards for some
- evidence of how the promotion of tourism may have affected a particular country
- overall evaluation of whether the promotion of tourism is likely to improve the living standards of people in LEDCs.

The use of relevant diagrams to support the analysis should be taken into account when assessing the quality of the student’s response to the question.

Credit valid alternative content.

Question	Part	Marking guidance	Total marks
16		<p>In 2022, Türkiye had a deficit on its balance of payments on current account equal to 5.4% of its GDP. In the same year, Kenya's current account deficit was 4.7% of its GDP.</p> <p>Evaluate the view that a deficit on a country's balance of payments on current account is likely to harm its economic development.</p>	<p>25</p> <p>AO1 = 4 AO2 = 3 AO3 = 9 AO4 = 9</p>

Examiners are reminded that AO1, AO2, AO3 and AO4 are regarded as interdependent. When deciding on a mark all should be considered together using the best-fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives in this question. More weight should therefore be given to AO4 and AO3 than AO1 and AO2.

Level	Marks	Descriptor
5	21–25	<p>Sound, focused analysis and well-supported evaluation that:</p> <ul style="list-style-type: none"> • is well organised, showing sound knowledge and understanding of economic terminology, concepts and principles with few, if any, errors • includes good application of relevant economic principles to the given context and, where appropriate, good use of data to support the response • includes well-focused analysis with clear, logical chains of reasoning • includes supported evaluation throughout the response and in a final conclusion.
4	16–20	<p>Sound, focused analysis and some supported evaluation that:</p> <ul style="list-style-type: none"> • is organised, showing sound knowledge and understanding of economic terminology, concepts and principles but some minor errors may be present • includes some good application of relevant economic principles to the given context and, where appropriate, some good use of data to support the response • includes some well-focused analysis with clear, logical chains of reasoning • includes some reasonable, supported evaluation.
3	11–15	<p>Some reasonable analysis but generally unsupported evaluation that:</p> <ul style="list-style-type: none"> • focuses on issues that are relevant to the question, showing satisfactory knowledge and understanding of economic terminology, concepts and principles but some weaknesses may be present • includes reasonable application of relevant economic principles to the given context and, where appropriate, some use of data to support the response • includes some reasonable analysis but which might not be adequately developed or becomes confused in places • includes fairly superficial evaluation; there is likely to be some attempt to make relevant judgements but these aren't well-supported by arguments and/or data.
2	6–10	<p>A fairly weak response with some understanding that:</p> <ul style="list-style-type: none"> • includes some limited knowledge and understanding of economic terminology, concepts and principles but some errors are likely • includes some limited application of relevant economic principles to the given context and/or data to the question • includes some limited analysis but it may lack focus and/or become confused • includes some evaluation which is weak and unsupported.

1	1–5	<p>A very weak response that:</p> <ul style="list-style-type: none"> • includes little relevant knowledge and understanding of economic terminology, concepts and principles • includes application to the given context which is, at best, very weak • includes attempted analysis which is weak and unsupported.
	0	No creditworthy material

Indicative content:

- definitions of current account of the balance of payments, economic development
- explanation of what is meant by a deficit on the current account of the balance of payments
- analysis of possible causes of a deficit on the current account of the balance of payments, for example:
 - uncompetitiveness
 - overvalued exchange rate
 - boom phase of the economic cycle and inflation
 - contraction in major export markets
- evaluation of how the cause of the deficit is likely to affect the impact on the country's economic development
- the current account deficit as a net withdrawal from the circular flow of income, reducing aggregate demand and domestic economic activity
- analysis and evaluation of the likely impact of a deficit on employment/unemployment
- analysis and evaluation of how a deficit on the current account of the balance of payments may affect the budget balance and the consequences for economic development
- analysis of why, other things being equal, a deficit on the current account of the balance of payments is likely to weaken the country's exchange rate
- evaluation of the effects of a falling exchange rate for a country's economic development
- why there may be an increased risk of capital flight and the consequences for economic development
- the significance of how the deficit is financed, for example, through FDI, short-term capital inflows, using foreign exchange reserves
- analysis of how a persistent current account deficit may increase overseas indebtedness
- evaluation of the significance of an increase in overseas indebtedness
- analysis of how policies to reduce the deficit may affect the country's economic development
- analysis of how a deficit on the current account of the balance of payments allows the residents of a country to consume more goods and services than it has produced
- assessment of how the composition of the imports that are contributing to the deficit affects the country's economic development, eg consumer goods versus capital goods
- consideration of how the size of the deficit may impact a country's economic development
- evaluation of the significance of a temporary, short-run deficit compared to a fundamental, long-run deficit
- evidence of the impact of a deficit on a specific country's economic development
- an overall evaluation of whether a deficit on a country's balance of payments on current account is likely to harm its economic development.

The use of relevant diagrams to support the analysis should be taken into account when assessing the quality of the student's response to the question.

Credit valid alternative content.

Assessment Objectives Grid

	AO1	AO2	AO3	AO4	Total
Section A					
01	1				1
02		1			1
03	1				1
04		1			1
05	1				1
06		1			1
07		1			1
08		1			1
09	1				1
10			1		1
Section B					
11.1	2				2
11.2	1	3			4
11.3	1	3			4
Section C					
12.1	1	1	2		4
12.2	1	1		2	4
13	3	3	6		12
14	4	3	9	9	25
Section D					
15 and 16	4	3	9	9	25
Unit total	21	22	27	20	90