



General Certificate of Education

Economics

EC4W: Working as an Economist: The European Union

Mark Scheme

2007 examination - June series

Mark schemes are prepared by the Principal Examiner and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation meeting attended by all examiners and is the scheme which was used by them in this examination. The standardisation meeting ensures that the mark scheme covers the candidates' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for the standardisation meeting each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed at the meeting and legislated for. If, after this meeting, examiners encounter unusual answers which have not been discussed at the meeting they are required to refer these to the Principal Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of candidates' 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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Advanced Level Economics**June 2007****EC4W****Mark Scheme****General Instructions**

Marks awarded to candidates should be in accordance with the following mark scheme, and examiners should be prepared to use the full range of marks available. Where the candidate's response to a question is such that the mark scheme permits full marks to be awarded, full marks **MUST** be given. A perfect answer is not necessarily required. Conversely, if the candidate's answer does not deserve credit, then no marks should be given.

Occasionally, a candidate may respond to a question in a reasonable way, but the answer may not have been anticipated when the mark scheme was devised. In this situation **OR WHENEVER YOU HAVE ANY DOUBT ABOUT THE INTERPRETATION OF THE MARK SCHEME**, telephone the Senior Examiner to discuss how to proceed.

Quality of Written Communication

The marks awarded for Quality of Written Communication are included in this mark scheme.

The Case Study paper is marked holistically using the same marking criteria as are used for marking coursework. When marking the report, examiners should identify evidence of the skills being assessed by using the following key.

K	Knowledge and Understanding
AP	Application
AN	Analysis
E	Evaluation
C	Quality of Written Communication

Case Study: The European Union**Requirements of the Report**

You are to write a report entitled: 'Should the EU have free trade with China?'

Your report should:

- explain why international trade is important to the economy of the EU and member countries such as the UK;
- explain possible reasons for changes in the pattern of trade between EU member countries and China;
- assess the economic effects of large economies and trading blocs, such as the EU, adopting protectionist policies, including tariffs and quotas, against China;
- make a recommendation as to whether the EU should have free trade with China in high-tech equipment such as ICT products, giving justifications for your recommendation.

Use economic concepts and principles where appropriate. You will be given credit for demonstrating your ability to analyse, comment critically on, and make effective use of, the data provided. (84 marks)

SPECIFIC INSTRUCTIONS TO EXAMINERS

Examiners should use the following notes as guidance on what the question-setters expected to elicit from candidates as evidence of particular skills and levels of performance. This guidance should **NOT** be regarded as a 'straitjacket' and examiners should approach the work they are marking with an open mind, giving credit where it is justified by the evidence before them. Credit should always be given in circumstances where candidates respond in an unanticipated, but economically valid, way.

Knowledge and Understanding

Guidance for the Case Study in the subject specification mentions the following issues that are particularly relevant to this question:

Globalisation and the EU: the nature of the EU as a trading bloc; free trade versus protection; trade creation and trade diversion.

Evidence of knowledge and understanding in response to the first bullet point might include some reference to the law of comparative advantage, which is an obviously relevant piece of theory. Candidates who dwell on this with examples unrelated to the case study will remain in the knowledge domain; use of the data, for example Extract G, should lift the answer into the realms of application. Knowledge might also be shown in relation to the second bullet point by the candidate who mentions some changes in the pattern of trade. These might be mentioned in response to cues taken from the data, e.g., the growth rates in Extracts B and the trends shown in Extract H. A close inspection of the levels and growth rates in Extract B would quickly move the candidate into the realms of analysis. Britain's past as 'workshop of the world' is mentioned in Extract G; candidates with good economic knowledge might comment on the fact that countries that used to make their own textiles are now importing them. Those who, as in Extracts D and E, distinguish between attitudes from textile manufacturers on the one hand and retailers on the other, will score on analysis as well as knowledge. The growth of trade in ICT goods is another pattern that can be discerned; or candidates might bring some factual knowledge with them, e.g. they might be aware of the decline of UK car manufacturing and China's ambition to emerge into the international automotive industry. Discussion of the second bullet point might be expected to include references to wage costs, which are mentioned in the data.

Application

The theory underlying tariffs and quotas might be used in relation to the third bullet point, and this would gain some application marks. Supply and demand applications might be used to illustrate the effects of tariffs and/ or quotas, with the most sophisticated responses perhaps incorporating welfare concepts such as 'consumer surplus' and 'deadweight loss'. The multiplier effects of 'export-led growth' could be discussed, as could the implications of balance of payments disequilibrium. The 'terms of trade' is another relevant concept. Be aware that the phrase "terms of trade" is not explicitly listed in the specification. However, it is covered implicitly in the model of comparative advantage, which is specified. Many of these approaches lend themselves to diagrams. Other approaches, e.g. a discussion of trade creation versus trade diversion, might be more verbal.

Analysis and evaluation

The best answers constantly engage with the data in order to exemplify points that are being made. The table and graphs provide good opportunities for comments on recent trends. Evaluation can, of course, appear anywhere in the answer, but the third and fourth bullet points are specifically designed to provide an opportunity for this skill to be used. Hopefully, we will see some exceptionally good answers that challenge some basic assumptions, e.g. is trade protection always necessarily bad? Extract E raises an important issue: do we really need all these imports anyway? Very perceptive candidates might take their clue from this extract and discuss the sustainability, perhaps even the ethics, of trading in all these apparently cheap goods from China, while sacrificing our own high quality manufacturing sector. Extracts G and H could be compared in order to gain some credit for evaluation. The trends shown in the graphs tell a story of rapid Chinese expansion in ICT goods, while Will Hutton's article goes more beneath the surface and paints a more complex picture. Candidates wishing to 'challenge' the data in order to maximize marks for evaluation could, for example, question the focus on 'goods'; services and financial flows are not addressed at all. Candidates with good awareness might comment that while Europe, China, USA and Japan are all mentioned in the data, another potentially important player, India, is not referred to.

They could also note that most of the extracts are Euro-centric, with only Extract C being written from the Chinese point of view. Another possible point from very aware candidates is that the figures do not provide the full story because of Japanese (and indeed some Chinese) firms undertaking production in the EU and foreign firms producing in China for the Chinese market.

Overall Assessment

Stronger candidates should be writing closely to the scenario. Weaker candidates will simply copy chunks out of the data. This approach would suggest lower level performance. However, if the data is appropriately selected and re-ordered to be relevant to an aspect highlighted in the scenario, this should tend to put a candidate's work in the middle levels. To move higher, the candidate should go beyond the selection and re-ordering of material from the case study.

Assessment Criteria

Examiners are to mark the report using the following assessment criteria, which are divided into five sections.

K	Knowledge and Understanding (AO1)	10 marks
AP	Application (AO2)	20 marks
AN	Analysis (AO3)	20 marks
E	Evaluation (AO4)	30 marks
C	Quality of Written Communication	4 marks
Total		84 marks

Knowledge and Understanding (K)

Candidates are expected to demonstrate knowledge and understanding of economic concepts and theories which are relevant to the problem/issue being investigated.

Level 5:	8-10 marks <i>Mid-Point: 9</i>	An accurate, comprehensive and appropriate use of a range of relevant knowledge and understanding of economic concepts or theories.
Level 4:	5-7 marks <i>Mid-Point: 6</i>	Use of relevant knowledge and understanding of economic concepts or theories.
Level 3:	3-4 marks <i>Mid-Point: 4</i>	Some knowledge and understanding of economic concepts or theories but these are used inappropriately or may not be relevant to the problem or issue.
Level 2:	1-2 marks <i>Mid-Point: 2</i>	Limited knowledge or understanding of economic concepts or theories.
Level 1:	0 marks	No knowledge or understanding of economic concepts or theories is demonstrated.

Application (AP)

Candidates are expected to demonstrate their ability to apply economic concepts and theories to the problem/issue being investigated.

Level 5:	16-20 marks <i>Mid-Point: 18</i>	An accurate, clear and sophisticated use of a relevant range of economic concepts and theories which are used to demonstrate an impressive grasp of the problem or issue.
Level 4:	11-15 marks <i>Mid-Point: 13</i>	Selection of appropriate economic concepts and theories which are appropriately applied to the problem or issue.
Level 3:	6-10 marks <i>Mid-Point: 8</i>	Some use of economic concepts and theories which are superficially or partially applied to the problem or issue.
Level 2:	1-5 marks <i>Mid-Point: 3</i>	Limited attempt to apply economic concepts and theories and these are applied inappropriately or may not be relevant to the problem or issue.
Level 1:	0 marks	No attempt to apply economic concepts and theories.

Analysis (AN)

Candidates should be able to present and analyse relevant economic data that relates to the problem/issue being investigated.

Level 5:	16-20 marks <i>Mid-Point: 18</i>	An appropriate range of relevant economic data is logically analysed to produce outcomes that relate directly to the problem/issue. Results are presented clearly using a range of formats as appropriate.
Level 4:	11-15 marks <i>Mid-Point: 13</i>	A range of economic data is presented and analysed with some relevance to the problem or issue. Results are presented clearly with a reasonable attempt at using appropriate formats.
Level 3:	6-10 marks <i>Mid-Point: 8</i>	Some attempt is made to present and analyse economic data which is limited in scope but has some relevance to the problem or issue.
Level 2:	1-5 marks <i>Mid-Point: 3</i>	A very limited attempt is made to present and analyse economic data which has little relevance to the problem or issue.
Level 1:	0 marks	No attempt to present and analyse economic data.

<u>Evaluation (E)</u>		Candidates should be able to demonstrate a critical approach to economic models and methods of enquiry. They should demonstrate the ability to produce reasoned conclusions clearly and concisely and to assess the strengths and weaknesses of economic arguments and the value and limitations of the data used.
Level 6:	25-30 marks <i>Mid-Point: 28</i>	Conclusions are reached with accurate and valid reasoning showing originality and insight, combined with a thorough and critical evaluation of the validity of the data and arguments and findings.
Level 5:	19-24 marks <i>Mid-Point: 22</i>	Conclusions are reached with accurate reasoning with sound, critical examination of the validity of the data and/or arguments and/or findings.
Level 4:	13-18 marks <i>Mid-Point: 16</i>	Conclusions are reached with reasoned explanation and/or with some critical examination of the validity of the data and/or arguments and/or findings.
Level 3:	7-12 marks <i>Mid-Point: 10</i>	Conclusions are reached with some reasoned explanation and/or with some examination of the validity of the data and/or arguments and/or findings.
Level 2:	1-6 marks <i>Mid-Point: 4</i>	A limited attempt is made to draw conclusions and to make reasoned judgements, but these are largely generalised and unsupported.
Level 1:	0 marks	No attempt is made to draw conclusions.

Quality of Written Communication Marking Criteria (C)

The following marks are to be awarded to candidates for the Quality of Written Communication they have demonstrated when writing the report.

- 4 marks** Complex ideas have been expressed clearly and fluently. Sentences and paragraphs have followed on from one another smoothly and logically. Arguments are consistently relevant and have been well structured. There are few, if any, errors of grammar, punctuation and spelling. There is extensive use of specialist vocabulary which is applied adeptly and with precision.
- 3 marks** Moderately complex ideas have been expressed clearly and reasonably fluently, through well linked sentences and paragraphs. Arguments are generally relevant and have been well structured. There may be occasional errors of grammar, punctuation and spelling. A wide range of specialist vocabulary is used with facility.
- 2 marks** Straightforward ideas have been expressed clearly, if not always fluently. Sentences and paragraphs may not always be well connected. Arguments have strayed sometimes from the point or have been weakly presented. There may be some errors of grammar, punctuation and spelling, but not such as to suggest a weakness in these areas. There is a good range of specialist vocabulary which is applied appropriately.

1 mark Simple ideas have been expressed clearly but arguments may be of doubtful relevance or obscurely presented. Errors in grammar, punctuation and spelling may be noticeable and intrusive and may suggest a weakness in these areas. Some use of specialist vocabulary is made but this is not always applied appropriately.

0 marks Ideas have been expressed poorly and sentences and paragraphs have not been connected. There are errors of grammar, punctuation and spelling, showing a weakness in these areas. There is very limited use of specialist vocabulary.