

Mark Scheme (Standardisation) Summer 2008

GCE

GCE Economics (6355/02)

General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Discuss **four** ways in which foreign aid can be used to promote economics growth in developing country. (20)

Question Number	Answer	Mark
1(a)	<p>KAA 12</p> <p>Award 3 marks for each approach identified, analysed and applied up to a maximum of 12 marks</p> <p>Explanation may include</p> <ul style="list-style-type: none"> • Promote education & training - improving literacy rates • Develop infrastructure • Develop health care - reducing mortality rates • Develop manufacturing sector • Candidates may use the to Harrod-Domar model to support/explain their answer • Debt relief • Cash subsidy to specific firms in areas that charity aims to help • Disaster relief • Microfinance <p>Also award discussion of types of aid and organisations e.g. Tied, Untied, NGOs, bilateral, multilateral</p> <p>Do not reward candidates who confuse Aid with FDI</p> <p>E8 Award up to 8 marks for evaluation, (4 * 2 marks). The question gives candidates scope to assess the relative importance of the indicators chosen, or address the strengths of each indicator.</p> <p>Evaluation may consider:</p> <ul style="list-style-type: none"> • Ineffective nature of aid, • Time lags associated with the use of Aid to improve infrastructure/healthcare etc • Tied v Untied aid • Corruption • Creates dependency culture • NGOs too small/ineffective - don't make a difference • Poor governance of the work of NGOs • Multiplier effect of the aid 	(20)

Evaluate the role of human capital in promoting economic development. Refer to the last paragraphs of Extract 1. (10)

Question Number	Answer	Mark
1(b)	<p>KAA 6</p> <p>Award 3 marks for two factors identified, analysed and applied up to a maximum of 6 marks. These might include</p> <ul style="list-style-type: none"> • Attracts FDI • Provides healthier workforce • Provides better educated workforce • Diaspora remittances as a result of development of human capital. <p>Cap answers which do not explicitly mention economic development at 2/3 for KAA for each point made.</p> <p>E4 Award up to 4 marks for evaluation, (2 * 2 marks). Candidates may consider</p> <ul style="list-style-type: none"> • Brain drain • Long run nature of human capital • Cost of developing human capital <p>Cap at 8/10 answers which don't refer to the last two paragraphs of Extract 1</p>	(10)

'The UN is better at setting targets than meeting them' (*Extract 1, lines 6-7*). Discuss whether the Millennium Development Goals are likely to be attained by 2015. (15)

Question Number	Answer	Mark
1(c)	<p>KAA 9</p> <p>Award 3 marks for three factors identified, analysed and applied or award fewer points very well developed up to a maximum of 9 marks. These might include</p> <ul style="list-style-type: none"> • Some discussion of the nature of the MDGs and whether they are too far reaching and wide in their scope. E.g. Inappropriate nature of goals for some countries e.g China and India • Slow progress with attaining them so far • Ambitious project, lacking the backing of the G8 to achieve these in the past • Not enough domestic national support e.g. universal primary education • Local conditions may act as an obstacle e.g. civil conflict or corruption. • Climate change - can make it difficult to achieve the MDGs • Cultural obstacles to change, e.g. universal education <p>Candidates may also discuss up to three individual goals and the success in achieving these for KAA 9/9.</p> <p>E6 Award up to 6 marks for evaluation, (3 * 2 marks or fewer more developed points up to 4 marks each). Candidates may consider</p> <ul style="list-style-type: none"> • Obtainable if money is committed to them • Tangible measures can be achieved. • Ambitious but progress has already been made. 	(15)

'The hope is that eventually Mali...will become a major provider of agricultural goods for the whole of West Africa' (*Extract 1, lines 43 - 45*). Evaluate the reasons why a government such as that of Mali might wish to promote trade in agricultural goods as a development policy (15)

Question Number	Answer	Mark
1(d)	<p>KAA 9</p> <p>Award 3 marks for three factors identified, analysed and applied or award fewer points very well developed up to a maximum of 9 marks. Candidates may consider</p> <ul style="list-style-type: none"> • Advantages of specialisation - reference to trade and economies of scale • Promotes employment • Allows greater trade opportunities • Earn foreign currency • Promotes investment • Reference to Rostow's five stages of development • Self-sufficiency • Creates conditions to attract FDI • Large numbers of population involved therefore large numbers benefit • Improve income distribution • Increasing price of agricultural output makes it worthwhile. <p>E6 Award up to 6 marks for evaluation, (3 * 2 marks or fewer more developed points up to 4 marks each). Candidates may consider</p> <ul style="list-style-type: none"> • Primary product dependency • Difficulties of trying to access new markets - EU • Exploitation of the economy by FDI • Prebisch Singer thesis and worsening terms of trade • High price of agricultural output makes it a lucrative area for exploitation 	(15)

Discuss **three** economic consequences of an ageing population for a developing country. (15)

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2(a)	<p>KAA 9</p> <p>Award 3 marks for three factors identified, analysed and applied up to a maximum of 9 marks. Candidates may consider</p> <p>E6 Award up to 6 marks for evaluation, (3 * 2 marks or fewer more developed points up to 4 marks each).</p> <table border="1" data-bbox="320 577 1083 2027"> <thead> <tr> <th data-bbox="320 577 703 607">KAA</th> <th data-bbox="703 577 1083 607">Evaluation</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 607 703 938"> <ul style="list-style-type: none"> • Dependency ratio increases </td> <td data-bbox="703 607 1083 938"> <p>Play a role in looking after younger members of the family and therefore release parents to work.</p> <p>Greater role of extended family in LEDCs - less reliance on the state.</p> </td> </tr> <tr> <td data-bbox="320 938 703 1010"> <ul style="list-style-type: none"> • Non-productive labour force </td> <td data-bbox="703 938 1083 1010"> <p>Experience may result in greater productivity</p> </td> </tr> <tr> <td data-bbox="320 1010 703 1408"> <ul style="list-style-type: none"> • Higher levels of pension provision </td> <td data-bbox="703 1010 1083 1408"> <p>Older population may have savings so therefore not really cause greater dependency</p> <p>Culture to look after extended family in the developing world therefore less pressure on state provision for the elderly.</p> </td> </tr> <tr> <td data-bbox="320 1408 703 1547"> <ul style="list-style-type: none"> • Greater demands on health care system </td> <td data-bbox="703 1408 1083 1547"> <p>Better health means that they are still able to contribute to productivity</p> </td> </tr> <tr> <td data-bbox="320 1547 703 1789"> <ul style="list-style-type: none"> • Increased level of poverty </td> <td data-bbox="703 1547 1083 1789"> <p>Average age of population rising therefore generates experience and creates conditions for economic growth and less poverty</p> </td> </tr> <tr> <td data-bbox="320 1789 703 2027"> <ul style="list-style-type: none"> • Increased savings may lead to greater economic growth - reference may be made to Harrod-Domar </td> <td data-bbox="703 1789 1083 2027"> <p>But increased savings may be at the cost of reduced consumption i.e. leakage from the economy and therefore reduction in economic growth.</p> </td> </tr> </tbody> </table>	KAA	Evaluation	<ul style="list-style-type: none"> • Dependency ratio increases 	<p>Play a role in looking after younger members of the family and therefore release parents to work.</p> <p>Greater role of extended family in LEDCs - less reliance on the state.</p>	<ul style="list-style-type: none"> • Non-productive labour force 	<p>Experience may result in greater productivity</p>	<ul style="list-style-type: none"> • Higher levels of pension provision 	<p>Older population may have savings so therefore not really cause greater dependency</p> <p>Culture to look after extended family in the developing world therefore less pressure on state provision for the elderly.</p>	<ul style="list-style-type: none"> • Greater demands on health care system 	<p>Better health means that they are still able to contribute to productivity</p>	<ul style="list-style-type: none"> • Increased level of poverty 	<p>Average age of population rising therefore generates experience and creates conditions for economic growth and less poverty</p>	<ul style="list-style-type: none"> • Increased savings may lead to greater economic growth - reference may be made to Harrod-Domar 	<p>But increased savings may be at the cost of reduced consumption i.e. leakage from the economy and therefore reduction in economic growth.</p>	(15)
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To what extent does an increase in population promote economic development? (20)

Question Number	Answer	Mark
2(b)	<p>KAA 12</p> <p>Award 3 marks for four factors identified, analysed and applied or award fewer points very well developed up to a maximum of 12 marks. Candidates may consider</p> <ul style="list-style-type: none"> • Greater output • Greater labour force - cheap labour, attracts FDI • Higher tax revenue • Greater pool of labour to choose from <p>Candidates must make the link back to economic development (rather than just increase in GDP) to gain full marks</p> <p>Cap answers which do not explicitly mention economic development at 2/3 for KAA for each point made.</p> <p>E8 Award up to 8 marks for evaluation, (4 * 2 marks or fewer more developed points up to 4 marks each). Candidates may consider</p> <ul style="list-style-type: none"> • Unemployment • Pressure on resources - e.g. education & healthcare • Greater levels of urban migration and therefore creation of shanty towns • Greater levels of urban poverty • Social unrest • Total benefit will depend on how well government invests in developing infrastructure • Wider impact on relative and absolute poverty and income distribution. 	(20)

Evaluate **two** factors which may have contributed to declining infant mortality rates in developing countries (10)

Question Number	Answer	Mark
2(c)	<p>KAA 6</p> <p>Award 3 marks for two factors identified, analysed and applied up to a maximum of 6 marks</p> <ul style="list-style-type: none"> • Better healthcare - pre-natal & post-natal • Better education • Better sanitation • Cleaner water • Better access to food • Greater stability in the home and in sources of income • Economic growth • Greater access to cheap drugs & vaccination programmes <p>E4 Award up to 4 marks for evaluation, (2 * 2 marks). Candidates may consider</p> <ul style="list-style-type: none"> • Relative improvements still have some way to go. • Significance of one of the measures over another • Time lags associated with the various policies • Damaged by other factors e.g. civil unrest/war 	(10)

Discuss the extent to which an increase in the proportion of the population with HIV/AIDS is likely to influence the economic growth of a country. (15)

Question Number	Answer	Mark
2(d)	<p>KAA 9</p> <p>Award 3 marks for three factors identified, analysed and applied or award fewer points very well developed up to a maximum of 9 marks. Candidates may consider</p> <ul style="list-style-type: none"> • Greater dependency ratio • Increased pressure on healthcare systems • Increased levels of poverty • Falls in productivity • Greater pressure on businesses – costs of training workers • Increased juvenile delinquency – outcome of orphan status from young age • Less government money available for other sectors • Social unrest • Less FDI <p>E6 Award up to 6 marks for evaluation, (3 * 2 marks or fewer more developed points up to 4 marks each). Candidates may consider</p> <ul style="list-style-type: none"> • HIV/AIDs numbers are falling with education • Anti retro-viral drugs are more affordable in the developing world • HIV/AIDs does not mean that the individual is incapable of working • Depends on the number affected • Other factors play a more important part in determining lack of economic growth e.g. civil conflict/corruption • Time lag associated with recreating an economically viable family unit (once this has been destroyed) 	(15)

6355/02 Specification Grid

	KAA	EVALUATION	TOTAL
(a)	12	8	20
(b)	6	4	10
(c)	9	6	15
(d)	9	6	15
Total	36	24	60
As % of total marks	60	40	100

	KAA	EVALUATION	TOTAL
(a)	9	6	15
(b)	12	8	20
(c)	6	4	10
(d)	9	6	15
Total	36	24	60
As % of total marks	60	40	100