



General Certificate of Secondary Education  
2013

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## **Economics**

Paper 1

**[G9271]**

**WEDNESDAY 22 MAY, AFTERNOON**

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# **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

[60] 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];
- apply skills, knowledge and understanding to the context of the pre-released case study [18];
- analyse and evaluate evidence, make reasoned judgements and present appropriate conclusions [27].

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

### ***Outline how the volume of world trade has changed since 1990***

- Source 1 shows the growth in world trade from 1990–2011 based on the volume of exports. The data is presented in index number format with 1990 as the base year. This indicates a steady year on year upward trend which peaks at a score of 280 in 2007–2008. Hence between 1990 and 2007–2008, trade grew by 180%, or by an average of approximately 10% per year. Between 2008–2009, trade fell by an index score of 30. This represented approximately a 10% fall from the previous year. Between 2009 and the start of 2011, world trade increased again to reach the 2007–2008 position
- Source 1 also indicates that between 2010–2011, world trade increased by an average of 5.8% with the rate of growth higher in developing countries at 8.5% compared with 4.5% in developed countries. However, this is slower than expected and predictions are subject to change due to the uncertain global economic climate.

### ***Describe how world trade has changed between countries since 1990***

Source 3 gives details of the value and percentage share of world exports and imports for a number of selected countries in 2010 for both goods and services.

Responses may highlight a range of points, some of which may be as follows:

#### Exported and Imported Goods

- China was the largest exporter of goods with 10.6% of the total but the second largest importer with a 9.3% share
- USA was the second largest exporter of goods with 8.6% of the total but it is the world's largest importer of goods with 13.8% share
- the UK share of the world's export of goods is worth \$405 billion, 2.7% of the totals and it has a slightly higher share of imported goods with 3.7%
- India has been described as an emerging economy yet its share of exported goods is only \$216 billion or 1.4%. It imports slightly more than this at \$323 billion and 2.1% of the world total
- China is the only country listed that exports a higher value of goods than it imports.

#### Exported and Imported Services

- the USA is the largest exporter and importer of services with \$515 billion and \$358 billion respectively. This represents 14% of the world's total exports and 11% of total imports. It is a net importer
- the UK is the second highest exporter of services with 6.2% of the world total, just ahead of China which has 4.6% of the share
- China imports just slightly more services than the UK with 5.47% of the world share
- India exports and imports a smaller value of services with around 3% of the world total
- the UK and USA are net exporters of services while China and India are net importers.

The continent of Africa does not appear to be a big player in the world market for traded goods and services even though some countries have oil reserves. South Africa has the largest share of any African country with around 0.5% of exports and 0.6% of imports.

#### ***Examine the main characteristics of developing countries***

Responses may draw on the data in Source 5, the economic profile of Bangladesh compared to the UK.

Key characteristics include:

- high and rising population
- lower life expectancy than in the UK (late 60s compared to late 70s)
- widespread poverty – low GNI per person at \$580 and 84% living on less than \$2 per day
- high infant mortality at 320 per 100 000 compared to 13 per 100 000 in the UK – this suggests poorer health facilities and education
- education may not be universally provided and/or children may not be able to attend, hence adult literacy rates are lower than in developed countries (56%). Completion rates of primary education are low at 55%
- in receipt of international development aid from the UK government.

Additional points may be made including:

- problems with health including HIV/Aids, malaria and a lack of resources to provide adequate treatment
- reliance on agriculture and poorly developed secondary and tertiary sectors
- impact of war, famine, and natural disasters
- corrupt governments
- debt
- reliance on foreign aid.

***Discuss the problems faced by developing countries when they try to compete in international markets***

Source 4 provides an illustration of how the rules for international trade seem to operate against the interests of developing countries. For example, poorer countries are encouraged by richer countries to open up their markets while at the same time they may be protecting their own interests. Other possible points that could be developed include:

- poorer countries often lack the infrastructure, organisation and communications to successfully exploit international trading opportunities
- the economies of developing countries are often more reliant on primary production so they often lack the ability to add value to their primary production – some fair trade initiatives have tried to redress this problem and to secure better contracts and rates of pay for the primary producers
- developing countries often lack the knowledge and expertise to maximise the market potential of some of their more sustainable production
- some developing countries may have a comparative advantage in the production of certain goods due to either having the natural resources, or as outlined in Source 6, their low wages help countries like Bangladesh to keep production costs low
- developing countries may rely on foreign aid to support their ability to produce goods and services that they can trade internationally, and to support them in trying to gain access to foreign markets
- trade barriers imposed by developed countries restrict access to markets.

***Evaluate whether international trade is the best strategy for developing countries to achieve economic growth***

In theory, international trade should result in more open markets and greater choice and competition. Points may include:

- a global market has developed where consumers have more choice of goods and services and producers have wider markets in which to sell
- countries have become more interdependent
- with countries like China now fully engaged in global trade, consumers often have access to cheaper goods
- countries engaged in international trade are able to earn foreign currency and use trade as a mechanism to grow and develop, e.g. Bangladesh as illustrated in Source 6
- countries are able to specialise in making those goods and services in which they have a comparative advantage, for example, the UK has specialised in financial services

- China and India, for example, appear to have benefited from such opening of their markets. Both countries have developed rapidly although in China's case, economic growth is linked to an export-led boom.
- as China has become richer, demand for western luxury goods has increased. Source 6 suggests that living standards in China have improved leading to increased demand for goods and services. However, this has been accompanied by demands for higher wages and rising inflation
- the negative externalities associated with rapid industrialisation are having a profound impact on both the environment and quality of life, hence engaging in international trade to export cheap manufactured goods may not be the best strategy for a poor country to adopt to promote sustainable growth and development
- Source 6 suggests Bangladesh appears to have benefited from industrialisation and international trade. It is now the world's second largest exporter of clothes after China. Due to its cheaper labour costs, it has developed a comparative advantage in the production of garments
- however, as much of the investment in this industrially produced output has been made by multi-national companies, the country is vulnerable to changing corporate policies
- the source material also suggests that Bangladesh is vulnerable to the downturn in the world economy as economic growth based on this external investment is not sustainable
- other problems associated with the rapid industrialisation, such as poor working conditions and the use of child labour, are sometimes associated with countries' attempts to compete in more open markets
- without some kind of preferential treatment, developing countries may never reach a position where they can compete alongside developed countries in open markets to sell similar goods and services to developed countries
- there may be benefits from specialisation and exchange through international trade if developed countries are able to specialise in areas where they have a comparative advantage
- international trade on a global scale has the potential to help some developing countries to lift themselves out of poverty
- however, there are also social, environmental and economic risks for such countries if multinational companies locate there in order to take advantage of either cheaper labour, less regulated production methods or the exploitation of natural resources.

Other possible strategies that developing countries could use include small scale sustainable projects such as those illustrated in Source 7. The following points may be developed:

- in these contexts, local people are being supported by aid charities to create wealth based on appropriate and sustainable technology. They are being educated to care for their environment and to make efficient use of their natural resources
- approaches like these may not lift communities quickly out of poverty or result in an increase in a country's recorded GDP per head

- however, they are likely to be sustainable in the longer term. Countries like Bangladesh run the risk of relying on outside investment that could move to another global location should they lose the comparative advantage of cheaper labour.

Other points that could be included in an argument are reference to the role of aid, development of health and education systems or systems of government.

The best answers in this section should develop an argument and use the evidence from the case study, and from their wider study of GCSE economics, to judge the strengths and weaknesses of suggested actions and reach a judgement or conclusion.

**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:**

<b>Level of response</b>	<b>Description</b>	<b>Mark</b>
<b>0</b>	No relevant concepts, issues and terms are included in the report.	<b>0</b>
<b>1</b>	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.	<b>1–5</b>
<b>2</b>	Relevant concepts, issues and terms are included in the report. There is some evidence of understanding. Quality of written communication is satisfactory.	<b>6–9</b>
<b>3</b>	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.	<b>10–12</b>
<b>4</b>	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.	<b>13–15</b>

15



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

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

18

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

<b>Level of response</b>	<b>Description</b>	<b>Mark</b>
<b>0</b>	No relevant analysis, evaluation, judgement or conclusion provided.	<b>0</b>
<b>1</b>	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.	<b>1–9</b>
<b>2</b>	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.	<b>10–15</b>
<b>3</b>	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.	<b>16–21</b>
<b>4</b>	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.	<b>22–27</b>

**Total**

27

**60**



