



Mark scheme (Unused)

January 2022

Pearson Edexcel International A Level in
Economics (WEC12/01)
Unit 2: Macroeconomic performance
and policy

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January 2022

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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.

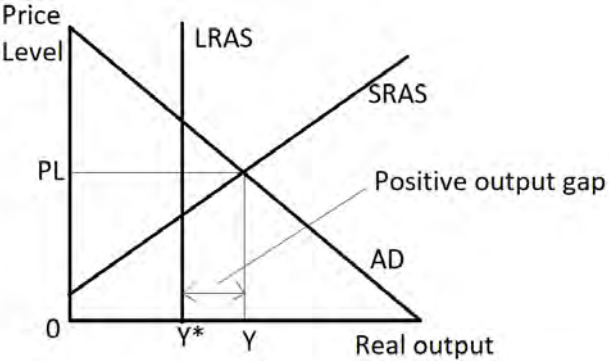
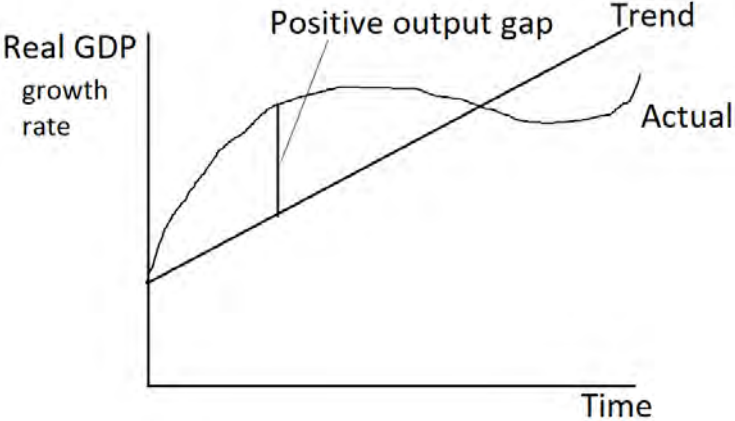
Section A

Question	Quantitative skills assessed	Answer	Mark
1	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	<p>The only correct answer is A</p> <p><i>B is not correct as there were two periods of positive growth and two periods of negative growth</i></p> <p><i>C is not correct as Quarter 3 of 2019 saw negative economic growth</i></p> <p><i>D is not correct as there is only one quarter of negative growth</i></p>	(1)
2	-	<p>The only correct answer is D</p> <p><i>A is not correct as real wage inflexibility is where wages are unable to drop to equilibrium resulting in unemployment</i></p> <p><i>B is not correct as the graduates are economically active</i></p> <p><i>C is not correct as the graduates are employed</i></p>	(1)
3	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	<p>The only correct answer is C</p> <p><i>A is not correct because AD would be shifted by changes in consumption, investment, government spending or net exports</i></p> <p><i>B is not correct because AD would be shifted by changes in consumption, investment, government spending or net exports</i></p> <p><i>D is not correct because improved labour productivity shifts LRAS to the right</i></p>	(1)
4	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	<p>The only correct answer is A</p> <p><i>B is not correct as a net injection would occur when government spending exceeds tax revenue</i></p> <p><i>C is not correct as the current account of the balance of payments relates to exports and imports</i></p> <p><i>D is not correct as the current account of the balance of payments relates to exports and imports</i></p>	(1)
5	QS9: Interpret, apply and analyse information in	The only correct answer is B	(1)

	written, graphical, tabular and numerical forms	<p>A is not correct as a Phillips curve considers the relationship between inflation and unemployment</p> <p>C is not correct, whilst the Phillips curve does consider inflation, this is related to unemployment and not the current account of the balance of payments</p> <p>D is not correct as a Phillips curve considers the relationship between inflation and unemployment</p>	
6	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	<p>The only correct answer is C</p> <p><i>A</i> is not correct as this divides the injection by the multiplier</p> <p><i>B</i> is not correct as this is the addition of the multiplier and the injection</p> <p><i>D</i> is not correct as this does not multiply the multiplier and the injection</p>	(1)

Section B

Question	With reference to the table, explain one likely cost of economic growth.	Mark
7	<p>Knowledge 1, Analysis 2, Application 1</p> <p>Quantitative skills assessed: QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p> <p>Knowledge and Analysis 1 mark for identification of one impact and up to 2 marks for linked analysis:</p> <ul style="list-style-type: none"> • Economic growth means more output (1) and more environmental degradation (1) as there is higher demand for resources (1) • As there is more output (1) more electricity is generated (1) causing more air pollution (1) • As the economy grows the demand for imports rises (1) this leads to the value of imports rising (1) and the balance of trade deficit may worsen/emerge (1) • Increased inequality (1) as increasingly people benefit from growth with higher incomes (1) there are some people that get left behind and the gaps between rich and poor widens (1) • Inflationary pressure (1) if economic growth is caused by increases in AD (1) which may require contractionary monetary policy to reduce inflation (1) <p>Application 1 mark for appropriate use of the table, e.g.:</p> <ul style="list-style-type: none"> - Syria's economic growth was most rapid at 9.9% (1) - Bangladesh grew by 7.9%/Bhutan 7.4%/India 7.4%/Rwanda 7.3% (1) - 	(4)

Question	In Scotland there was a positive output gap in 2018. The economy was growing at 1% faster than the trend rate of economic growth. Draw a diagram to show a positive output gap.	Mark
8	<p>Knowledge 1, Application 3</p> <p>Quantitative skills assessed: QS4: Construct and interpret a range of standard graphical forms QS9: Interpret, apply and analyse information in written, graphical and tabular forms</p> <p>Either LRAS/SRAS AD diagram</p>  <p>Knowledge Correctly drawn LRAS and AD curves with correctly labelled axes (1)</p> <p>Application Up to 3 marks for the following information included on the diagram:</p> <ul style="list-style-type: none"> • Drawing LRAS to left of short run equilibrium (1) • Labelling the short run equilibrium and full employment level of output at LRAS (1) • Correct labelling of the positive output gap (1) <p>Or Economic/ Business cycle diagram</p>  <p>Knowledge Correctly labelled axes (1)</p>	(4)

	<p>Application Up to 3 marks for the following information included on the diagram:</p> <ul style="list-style-type: none"> • Drawing the actual GDP growth rate on the diagram (1) • Drawing the trend GDP growth rate on the diagram (1) • Correct labelling of the positive output gap (1) 	
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Question	Based on this information, calculate the change in the balance of trade for Saudi Arabia between 2018 and 2019. Show your workings.	Mark
9	<p>Knowledge 1, Application 3</p> <p>Quantitative Skill assessed QS9: Interpret, apply and analyse information in written, graphical and tabular forms</p> <p>Knowledge 1 mark for correct definition/formula/implicit understanding, e.g.:</p> <ul style="list-style-type: none"> • Value of exports - value of imports • $X-M$ (1) <p>Application Up to 3 marks for use of data in calculation from the following, e.g.:</p> <ul style="list-style-type: none"> • 2018: $294.5 - 135.2 = \\$159.3$ billion (1) • 2019: $251.8 - 144.3 = \\$107.5$ billion (1) • $107.5 - 159.3 = -\\$51.8$ billion (1) <p>NB: if correct answer (-\$51.8 billion) is given, award full marks regardless of working Award 3 marks if \$51.8 is given.</p>	(4)

Question	Explain one way by which this net migration could increase employment.	Mark
10	<p>Knowledge 1, Analysis 2, Application 1</p> <p>Quantitative Skill assessed QS9: Interpret, apply and analyse information in written, graphical and tabular forms</p> <p>Knowledge and analysis 1 knowledge mark and up to 2 marks for linked analysis, e.g.:</p> <ul style="list-style-type: none"> • If the immigrants come to Turkey to fill vacancies (1) that people in Turkey are unable to fill (1) then immigration will lead to an increase in employment (1) • The positive net migration leads to an increase in population (1) causes higher levels of household consumption (1) and firms will employ more to be able to increase output (1) • Increased immigration would increase the size of the working population (1) meaning more people are available for employment (1) <p>Application 1 mark for appropriate reference to Turkey, e.g.:</p> <ul style="list-style-type: none"> • 1.4 million more immigrants than emigrants (1) • More immigrants than emigrants (1) • Net migration is a positive figure suggesting more coming in than leaving (1) 	(4)

Question	With reference to the data, explain the relationship between income and subjective happiness.	Mark
11	<p>Knowledge 2, Application 2</p> <p>Quantitative Skills Assessed QS9: Interpret, apply and analyse information in written, graphical and tabular forms</p> <p>Knowledge Up to 2 marks for understanding the relationship, e.g.:</p> <ul style="list-style-type: none"> • According to the data there is a positive relationship (1) as income rises world happiness score increases (1) • As people's income is higher they tend to have higher levels of subjective happiness (1) as they can afford more goods and services to improve their living standards (1) <p>Application Up to 2 marks applying this to the table, e.g.:</p> <ul style="list-style-type: none"> • Singapore has the highest income/GDP per capita at PPP \$101 458 and the highest world happiness score at 6.377 (1) • India has the lowest income (\$6 977) and lowest happiness score (3.573) (1) 	(4)

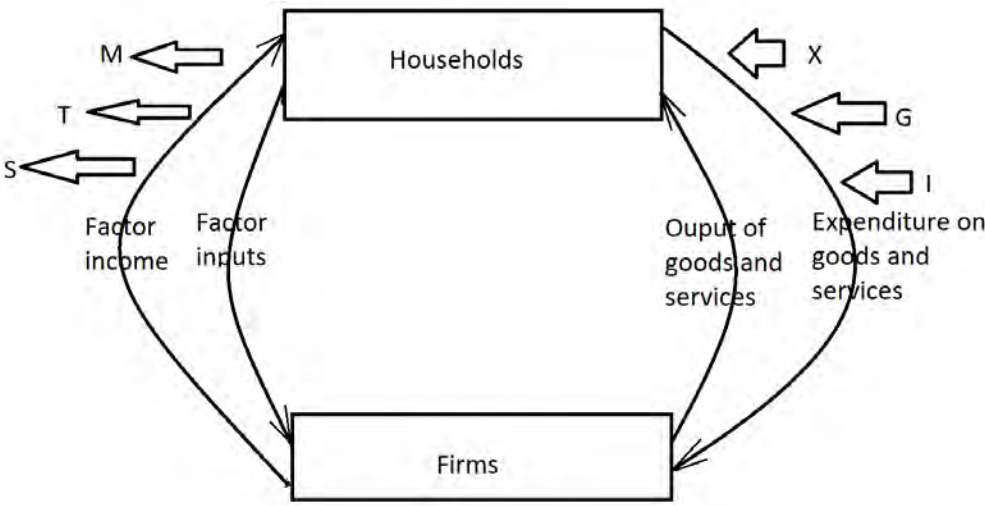
Section C

Question	Define the term 'fiscal policy' (Extract A, line 12).	Mark
12 (a)	<p>Knowledge 2</p> <p>Where the government changes government spending (1) and taxation (1)</p> <p>Demand side policy/aims to influence the position of AD (1)</p> <p>New Zealand's Government used reflationary fiscal policy (1)</p>	(2)

Question	With reference to Figure 1, explain how the ILO unemployment rate is measured.	Mark
12 (b)	<p>Knowledge 2, Application 2</p> <p>Quantitative Skill Assessed</p> <p>QS2: Calculate, use and understand percentages, percentage changes and percentage point changes</p> <p>QS9: Interpret, apply and analyse information in written, graphical and tabular forms</p> <p>Knowledge Up to 2 marks for how ILO unemployment is measured:</p> <ul style="list-style-type: none"> • Conducted by the Labour Force Survey/Questionnaire (1) • The survey asks whether an individual has been out of work over the last 4 weeks (1) and ready to work in the next 2 weeks (1) <p>Application</p> <p>Up to 2 marks for relevant application to unemployment in New Zealand, e.g.:</p> <ul style="list-style-type: none"> • Increased from 4.2% in Q1 (1) to 5.3% in Q3 2020 (1) • Decreased from 5.3% in Q3 2020 (1) to 4.9% in Q4 2020 (1) 	(4)

Question	With reference to Figure 1 and Extract A, examine two likely economic effects of the increase in unemployment experienced in New Zealand between Quarter 2 and Quarter 3 2020.	Mark
12 (c)	<p>Knowledge 2, Application 2, Analysis 2, Evaluation 2</p> <p>Quantitative Skill Assessed QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p> <p>Knowledge and Analysis Up to 2 knowledge marks for 2 effects and up to 2 marks for linked analysis of each effect e.g.:</p> <ul style="list-style-type: none"> • Loss of earnings for those who become unemployed (1) means they are less able to buy goods and services (1) • Public finances will worsen (1) as people start to claim unemployment benefits/with less people earning money less tax revenue is earned (1) • Pressure on healthcare (1) as people lose their jobs and income and become depressed and access healthcare services (1) • Waste of scarce resources (1) as workers are not contributing to GDP when unemployed/the economy operates below its PPF/below full employment/operates with spare capacity (1) • Reduced inflationary pressure (1) as there is less demand-pull inflation (1) • Fall in AD (1) as consumption falls for those who are unemployed (1) <p>Application Up to 2 marks for reference to the data, e.g.:</p> <ul style="list-style-type: none"> • ILO unemployment increases from 4% to 5.3% (1) • ILO unemployment increased 1.3 percentage points between Q2 and Q3 (1) • Significant increase in redundancies in the tourism industry (1) <p>Evaluation Up to 2 marks for evaluative comments (1+1 or 2+0), e.g.:</p> <ul style="list-style-type: none"> • The size of the change in unemployment is significant in one quarter (1) so would have a big impact on increasing government spending on benefits (1) • The effect of unemployment becomes more significant if it is long term (1) as people lose skills required for work and find it difficult to find employment in the future (1) 	

	<ul style="list-style-type: none">• Unemployment in the tourism sector may be temporary (1) as when foreigners can return the demand for tourism should rise (1)• Automatic stabilisers will help (1) as government expenditure on welfare benefits will boost consumption and AD (1)	(8)
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Question	With reference to Extract A, analyse one likely effect of the reduction in tourist visitors on the circular flow of income. Illustrate your answer with a circular flow diagram.	Mark
12(d)	<p>Knowledge 2, Application 2, Analysis 2</p> <p>Quantitative Skill Assessed QS4: Construct and interpret a range of standard graphical forms QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p> <p>Knowledge and Analysis 1 knowledge mark and up to 2 marks for linked analysis of one likely effect, e.g.:</p> <ul style="list-style-type: none"> Exports decrease (1) which means the size of the injection falls (1) reducing the money flowing around the circular flow of income (1) <p>1 knowledge mark for accurate diagram</p>  <p>Application Up to 2 marks for use of the data or reference to context, e.g.,</p> <ul style="list-style-type: none"> In response to the global health crisis, the Government closed its borders to all foreigners in March 2020/closed border remained in place into 2021 (1) Significantly affected the tourism industry (1) 33% temporarily closing/40% significantly reduced operations/21% may not survive (1) Tourism accounted for 20% of exports (1) 	(6)

Question	With reference to Extract A and your own knowledge, discuss the likely effects of reflationary monetary policy on the New Zealand economy.
12(e)	<p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance.</p> <p>The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p>Quantitative Skill Assessed</p> <p>QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms</p> <p>Knowledge, Application and Analysis (8 marks) – indicative content</p> <ul style="list-style-type: none"> • New Zealand’s central bank used reflationary monetary policy • Base interest rates reduced from 1% to 0.25% • In March 2020 introduced quantitative easing NZ\$60 billion which was increased to NZ\$100 billion in August 2020 • An expansion of the quantitative easing programme should: <ul style="list-style-type: none"> ○ inject liquidity into the financial system, making banks more willing to lend to consumers and firms: increasing consumption and investment ○ increase price of shares and property, creating positive wealth effects in the economy and increasing consumption ○ reduce the yield on domestic corporate bonds, lowering the borrowing costs for domestic firms, leading to increased investment • A reduction in the base interest rate should increase AD as it will: <ul style="list-style-type: none"> ○ increase consumption (e.g. grew by 14.8% in Quarter 3 of 2020) as it creates an incentive to spend. Also consumption increases as cost of borrowing falls and there is a disincentive to save as the return on saving falls ○ create wealth effects- lower interest rates will lower the cost of borrowing. Individuals will be more likely to borrow to purchase houses. This has contributed to the increase in house prices to a record level- NZ\$788 967- an increase of 2.6%. Higher house prices bring about the wealth affects, increasing confidence and consumption ○ increase investment, as the cost of borrowing to finance investment falls reducing firms cost of production ○ increase the net trade balance as it will put downward pressure on the exchange rate, meaning exports become relatively cheaper, and imports become relatively more expensive

	<ul style="list-style-type: none"> ○ increase spending as consumers with variable rate loans/mortgages see monthly interest repayments fall, increasing discretionary incomes ● AD shifts outwards leading to (may be shown diagrammatically): <ul style="list-style-type: none"> ○ actual economic growth New Zealand, helping the economy to recover from recession -12.2% in Q2 to +14% in Q3 2020 ○ increased demand-pull inflationary pressure ○ a reduction in unemployment as more output means more people are employed
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Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
Level 2	4-6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 3	7-8	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using relevant examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.
		<p>Evaluation (6 marks) – indicative content</p> <ul style="list-style-type: none"> ● Significance of the size of the quantitative easing programme- NZ\$60 billion in March 2020 to NZ\$100 billion in August 2020 ● Consumption and investment may not rise if both consumer and business confidence are low given rapid decrease in output in Q2 2020 ● Commercial banks may be risk averse and not lend as they lack confidence in the ability of firms and consumers to pay back loans/mortgages

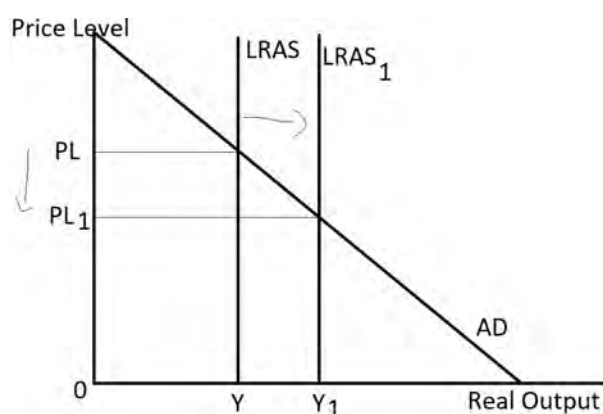
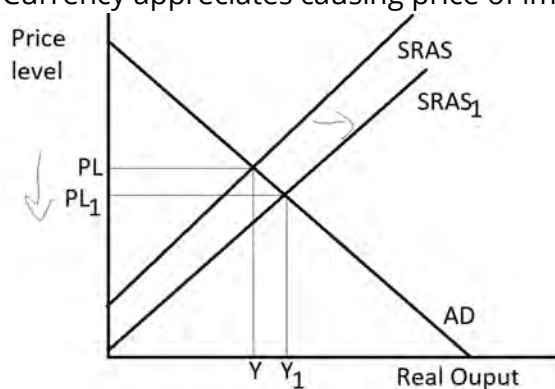
	<ul style="list-style-type: none">• The interest rates were already very low at 1%, so the reduction to 0.25% may have little impact• Changes in the interest rate usually have an 18 to 24 month time lag before their full effects are filtered through the economy• Some of the improvements in economic growth may relate to the fiscal policy stimulus and the fact the economy was able to reopen• The 14.8% increase in household consumption suggests a significant impact• Average house prices reaching a record level suggests that there may be a significant wealth effect• The effect of reflationary monetary policy may be countered by lost exports from reduced tourism/increased imports
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Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-2	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	3-4	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	5-6	Evaluation recognises different viewpoints and/or is critical of the evidence. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

Section D

Question	Evaluate possible causes of deflation. Illustrate your answer with an appropriate diagram
13	<p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance.</p> <p>The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p>Knowledge, Application and Analysis (12 marks) – indicative content</p> <ul style="list-style-type: none"> • Understanding of deflation- a decrease in the general/average price level • Deflation in Japan -0.6% in 2020 compared to 2019 <p>Potential causes include:</p> <ul style="list-style-type: none"> • Reduced household consumption, as savings ratio increased from 33% to 44% • With lower consumption, AD will decrease • With increased imports, AD will decrease • With lower investment, AD will decrease • Contractionary fiscal and monetary policy will reduce AD • Expectations of deflation mean customers may put off purchases to see of the price drops • Relevant diagram, e.g. AD/AS diagram showing leftward shift in AD • Contraction along AS and lead to price level falling <div data-bbox="414 1444 941 1836" style="text-align: center;"> </div> <ul style="list-style-type: none"> • Falling world price of oil contributed to deflation • As commodity prices fall SRAS shifts right as costs of production fall • Relevant diagram, e.g. AD/AS diagram showing rightward shift in SRAS • Extension along AD and leads to price level falling • Costs of other raw materials and energy falling

- LRAS shifting right- e.g. supply-side policies including improved state of technology, education and skills improve, competition policy
- Currency appreciates causing price of imports to decrease- deflationary



Diagrams should be rewarded that shift both AD left and AS right

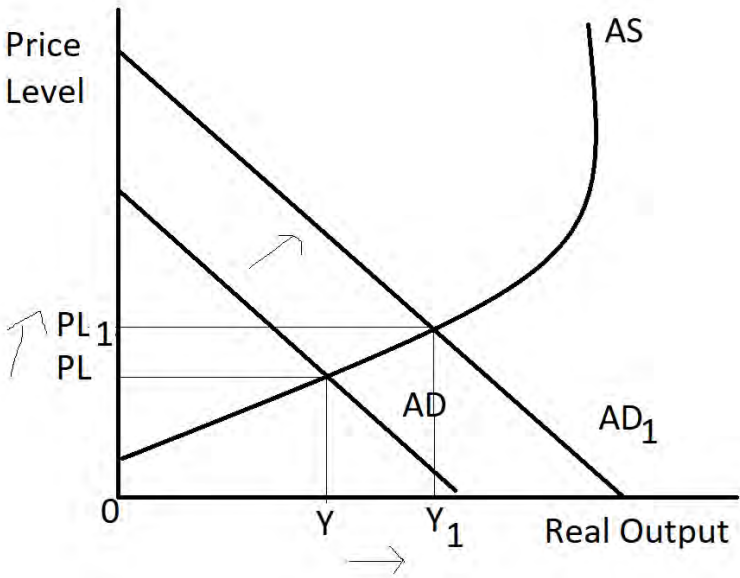
NB Award a maximum of Level 3 for answers with no application

NB Award a maximum of Level 3 for answers with no relevant diagram

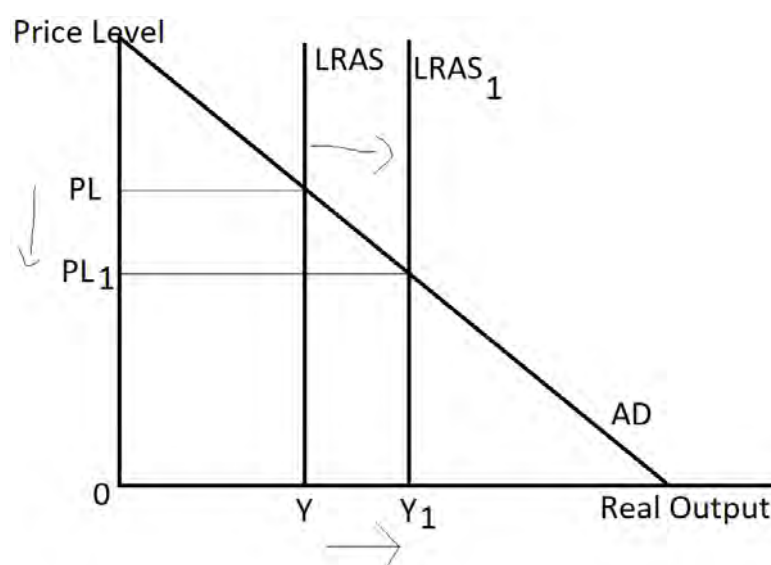
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach, which has no chains of reasoning.
Level 2	4-6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.

Level 3	7-9	<p>Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models.</p> <p>Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer.</p> <p>Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.</p>
Level 4	10-12	<p>Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models.</p> <p>Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question.</p> <p>Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.</p>
<p>Evaluation (8 marks) – indicative content</p> <ul style="list-style-type: none"> • In Japan a combination of both AD decreasing and reduced cost-push measures • With such a substantial increase in savings this is likely to have had a large effect on reducing consumption and AD. • Supply-side impacts are likely to have a very long-term effect only causing deflation after a long time lag • The magnitude of the deflation will be dependent on the size of any shifts in AD and AS • Cost-push deflation is often seen as a more positive cause as the supply side is improving • Demand-pull deflation is often seen as more negative as the lack of AD is what causes the deflationary pressure • Currencies are often floating so values may decrease meaning the relative price of imports start to increase again • Prices of raw materials and oil are likely to increase as AD increases as the world economy recovers • Monetary policy takes time to impact AD 		
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	<p>Identification of generic evaluative comments.</p> <p>No supporting evidence/reference to context.</p> <p>No evidence of a logical chain of reasoning.</p>
Level 2	4-6	<p>Evidence of evaluation of alternative approaches.</p> <p>Some supporting evidence/reference to context.</p> <p>Evaluation is supported by a partially-developed chain of reasoning.</p>

Level 3	7-8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.
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Question	Evaluate the possible effects of an increase in government expenditure on infrastructure on a country's economy. Illustrate your answer with an appropriate diagram
14	<p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance.</p> <p>The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p>Knowledge, Application and Analysis (12 marks) – indicative content</p> <ul style="list-style-type: none"> • Infrastructure spending includes spending on transport, power supplies and broadband • Increased infrastructure spending from ₱681 billion in 2020 to ₱1 200 billion in 2022. • The initial infrastructure will see government spending/investment which will boost AD initially • The injection into the economy will result in further rounds of spending via the multiplier effect <div style="text-align: center;">  </div> <ul style="list-style-type: none"> • This may cause inflationary pressure and an increase in real output • This helps make doing business easier and cheaper • Reliable power supplies mean production can happen undisrupted • Better transport systems mean raw materials can be moved quicker wasting less time

- Workers will waste less time traveling as there is less traffic/congestion
- Better broadband speeds enable workers to work more quickly not waiting for buffering or information to download and upload
- The workers can therefore be productive for longer
- This lowers production costs for business
- The LRAS shifts rightwards
- This may cause deflationary pressure and an increase in real output
- Employment is likely to increase as people work on the projects directly and indirectly
- Impact on fiscal policy with increased government spending



Diagrams should be rewarded that shift both AD right and LRAS right

NB Award a maximum of Level 3 for answers with no application.

NB Award a maximum of Level 3 for answers with no relevant diagram

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
Level 2	4-6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models.

		<p>Limited application of knowledge and understanding to economic problems in context.</p> <p>A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.</p>
Level 3	7-9	<p>Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models.</p> <p>Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer.</p> <p>Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.</p>
Level 4	10-12	<p>Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models.</p> <p>Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question.</p> <p>Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.</p>
<p>Evaluation (8 marks) – indicative content</p> <ul style="list-style-type: none"> • Significant time lag for infrastructure projects to be completed • Infrastructure projects can result in delays during construction • No guarantee that infrastructure projects will have a positive impact on productivity • Consideration of effectiveness of infrastructure projects at delivering sustainable growth that does not negatively impact third parties • Privatisation may lead to private monopolies and less efficiency and lower economic growth • This is a substantial increase in spending which should see a larger improvement in GDP • Overall impact depends on size of the multiplier • The increase in investment expenditure may be offset by a decrease in other components of AD • Infrastructure projects may have a negative effect on the environment/third parties 		
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	<p>Identification of generic evaluative comments.</p> <p>No supporting evidence/reference to context.</p> <p>No evidence of a logical chain of reasoning.</p>
Level 2	4-6	Evidence of evaluation of alternative approaches.

		Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	7-8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

