GCE A LEVEL MARKING SCHEME

SUMMER 2023

A LEVEL
ECONOMICS - COMPONENT 2
A520U20-1

INTRODUCTION

This marking scheme was used by WJEC for the 2023 examination. It was finalised after detailed discussion at examiners' conferences by all the examiners involved in the assessment. The conference was held shortly after the paper was taken so that reference could be made to the full range of candidates' responses, with photocopied scripts forming the basis of discussion. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners.

It is hoped that this information will be of assistance to centres but it is recognised at the same time that, without the benefit of participation in the examiners' conference, teachers may have different views on certain matters of detail or interpretation.

WJEC regrets that it cannot enter into any discussion or correspondence about this marking scheme.

GENERAL MARKING GUIDANCE

Positive Marking

It should be remembered that learners are writing under examination conditions and credit should be given for what the learner writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good response to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for a less than perfect answer if it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

For each question there is a list of indicative content which suggest the range of economics concepts, theory, issues and arguments which might be included in learners' answers. This is not intended to be exhaustive and learners do not have to include all the indicative content to reach the highest level of the mark scheme.

The level-based mark schemes sub-divide the total mark to allocate to individual assessment objectives. These are shown in bands in the mark scheme. For each assessment objective a descriptor will indicate the different skills and qualities at the appropriate level. Learner's responses to questions are assessed against the relevant individual assessment objectives and they may achieve different bands within a single question. A mark will be awarded for each assessment objective targeted in the question and then totalled to give an overall mark for the question.

GCE A LEVEL ECONOMICS – COMPONENT 2

SUMMER 2023 MARK SCHEME

1. (a) With the aid of a production possibility frontier (PPF) diagram, outline how road congestion damages the UK economy. [4]

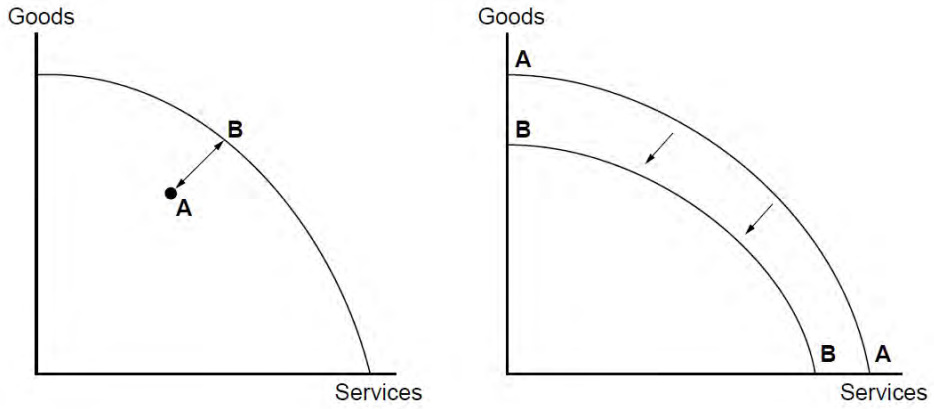
Band	AO1	AO2
	2 marks	**2 marks**
2	**2 marks** **Good understanding** Accurate and labelled PPF diagram showing the effect of congestion on the economy.	**2 marks** **Good application** The case is used effectively using relevant data to support the diagram.
1	**1 mark** **Limited understanding** PPF diagram is broadly correct but contains minor omissions or inaccuracies/doesn't match the outline in the answer	**1 mark** **Limited application** The case is only used superficially making only passing reference to the text.
0	**0 marks** No diagram drawn or Diagram is totally wrong.	**0 marks** No valid application.

Indicative content.

AO1

The PPF diagram may be drawn either showing the economy operating within the existing PPF or one with the PPF shifted inwards.

As long as the outline of the diagram is plausible either is acceptable.



congestion prevents economy from reaching potential

OR

congestion reduces the economy's potential

AO2

Data references may include:

Value of time lost - £1317/year
Time spent stuck in traffic – 178 hours
Costs to the economy - £7.9bn
Use of figure 1: Increase in travel times – seconds/mile expected to rise by 50% between 2020 and 2025. 83% of goods transported by road.
95% of businesses see congestion as a key concern
Use of figure 2: Shows time spent in traffic in hours and percentage of journey time by city together with regional costs by city to drivers and the city as a whole.
Direct use of text: “longer and slower” etc

Two pieces of data are expected to be explicitly used.

(b) Using a demand and supply diagram show how roads being free at the point of use causes road congestion. [4]

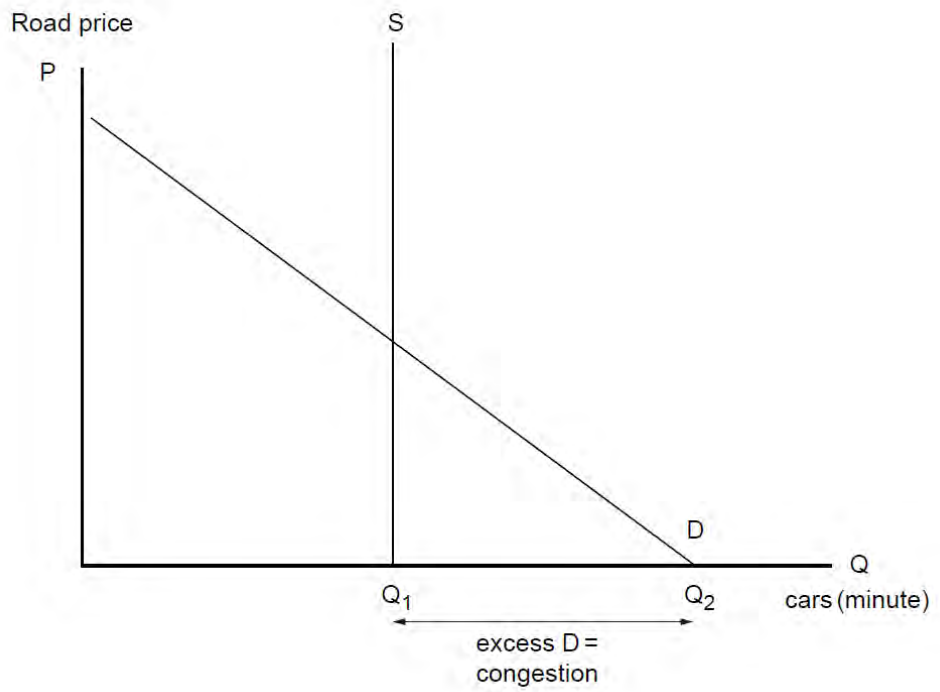
Band	AO1 Diagram	AO1 Outline
2	**2 marks** **Good understanding** Accurate demand and supply diagram showing excess demand at zero price.	**2 marks** **Good understanding** Clear outline showing how provision of roads free at the point of use leads to congestion in the form of excess demand
1	**1 mark** **Limited understanding** Demand and supply diagram which shows excess demand	**1 mark** **Limited understanding** Outline is less clear in terms of showing how congestion results from excess demand
0	**0 marks** No diagram or wrong diagram.	**0 marks** Outline does not demonstrate relevant understanding

Indicative content.

AO1

Diagram

Diagram will show a downward sloping demand curve and a perfectly inelastic supply curve. At zero price there is excess demand marked on the diagram.



Outline

If road access is free demand exceeds supply (perfectly inelastic – fixed in the short run).
Excess demand represents road congestion.

(c) Using examples from the data explain how road congestion creates market failure. [5]

Band	AO1	AO2	AO3
	1 mark	**2 marks**	**2 marks**
2	**1 mark** **Good understanding** Clear understanding of the concept of market failure shown	**2 marks** **Good application** The case is used effectively to show how congestion creates market failure.	**2 marks** **Good analysis** A strong line of argument explaining how road congestion leads to market failure.
1		**1 mark** **Limited application** The case is used superficially and/or isn't linked to market failure.	**1 mark** **Limited analysis** Undeveloped lines of argument showing how road congestion leads to market failure.
0	**0 marks** No understanding of market failure shown.	**0 marks** No valid application.	**0 marks** No valid analysis.

Indicative content.

AO1

Understanding of market failure: the market mechanism fails to produce an efficient allocation of resources.

AO2

Data references showing the third-party effects of road congestion:

Value of time lost - £1317/year
Time spent stuck in traffic – 178 hours
Costs to the economy - £7.9bn
Use of figure 1: Increase in travel times – seconds/mile expected to rise by 50% between 2020 and 2025. 83% of goods transported by road.
95% of businesses see congestion as a key concern
Use of figure 2: Shows time spent in traffic in hours and percentage of journey time by city together with regional costs by city to drivers and the city as a whole.

AO3

Chains of reasoning showing how road congestion produces third party effects which are negative and causes the economy to operate below full potential or even leads to its capacity shrinking e.g. delivery firms permanently can only make 10 deliveries a day instead of 15.

Congestion means that too much time is spent on roads meaning that time as a resource is misallocated. Hence there is less time available for work/leisure meaning that welfare is lost

Drivers causing congestion create external costs in the form of pollution leading to increased health issues – hence cars are over-used relative to the socially optimal level and create a welfare loss

Allow any other relevant points

(d) With reference to the data, explain how a road toll system could use price discrimination to reduce road congestion. [6]

Band	AO1	AO2	AO3
	2 marks	**2 marks**	**2 marks**
2	**2 marks** **Good understanding** A good understanding of the concept of price discrimination is shown.	**2 marks** **Good application** The case is used effectively to show how road tolls can be applied using price discrimination.	**2 marks** **Good analysis** Well-developed chains of argument to show how price discrimination can be applied to road tolls.
1	**1 mark** **Limited understanding** Understanding of price discrimination shown to lack some clarity.	**1 mark** **Limited application** Use of the data is superficial or lacks detail or clarity.	**1 mark** **Limited analysis** Under-developed or unconvincing lines of argument explain how price discrimination can be applied to road tolls.
0	**0 marks** No understanding shown.	**0 marks** No valid application.	**0 marks** No valid analysis.

Indicative content.

AO1

Price discrimination: charging different consumers different prices for the same product/service.

AO2

Data use (showing how price discrimination is linked to congestion reduction, not just about congestion generally):

Reference to charging customers different tolls at different times of the day/week:
Use of Figure 3 – M6 Toll – shows differences between:
Peak/off peak
Day night
Weekday/weekend
Cars/bikes

Reference to reduction of congestion:
Begg report: Road pricing should reduce congestion overall by 20-30%
Pay price according to distance travelled and level of traffic congestion…related to time of day

AO3

Road tolls lower at off peak times and higher at peak times.
Spreading demand away from peak times to off-peak times to reduce congestion.
Demand is better matched to available supply
Might make reference to the importance of price elasticity of demand or use diagrams to support argument

Allow any other relevant points

(e) With reference to the data, evaluate the use of road pricing as a means of solving the problem of road congestion in the UK. [10]

Band	AO2	AO3	AO4
	3 marks	**3 marks**	**4 marks**
3	**3 marks** **Excellent application** Excellent use of the case throughout the answer using data on both sides of the argument.	**3 marks** **Excellent analysis** Well-developed chains of argument linking road pricing to the problem of road congestion.	**4 marks** **Excellent evaluation** Strong arguments and counterarguments are present and the answer comes to well-justified conclusion as to whether road pricing can solve the problem of road congestion.
2	**2 marks** **Good application** Good use of the case to support one side of the argument.	**2 marks** **Good analysis** Good chains of argument linking road pricing to the problem of road congestion, however undeveloped in places.	**2-3 marks** **Good evaluation** A strong two-sided answer but lacking an overall conclusion as to whether road pricing can solve the problem of road congestion.
1	**1 mark** **Limited application** Data use is rather superficial and lacking in detail with only passing references to the case.	**1 mark** **Limited analysis** Under-developed lines of argument linking road pricing to the problem of road congestion.	**1 mark** **Limited evaluation** Counterarguments are present but none of them are well developed.
0	**0 marks** No valid application.	**0 marks** No valid analysis.	**0 marks** No valid evaluation.

Indicative content.

AO2

Use of earlier data to outline why the problem needs to be solved
Reference to the case will include the Darling/Begg plan: road tolls could reduce congestion by 20-30%.
Reference in the case to computerisation problems/set up costs of a road toll scheme/limited number of possible suppliers
Problems highlighted with existing schemes such as the Londin Congestion zone: PCNs to innocent drivers etc.
Regressive nature – older and poorer people in society.
Price elasticity of demand likely to vary geographically and by time of day
Need to boost revenue due to loss of fuel duty from switch to greener travel
Dangers of a surveillance society
Charge dodgers from a rise in unregistered cars, avoiding ANPN software.
Risk of rat-runs – traffic diverted off motorways to avoid charges.
Alternatives exist such as building new roads

AO3 (see AO2 as well)

Road tolls introduce the price mechanism to road travel. Motorists paying closer to the full social cost of motoring? Fall in quantity demanded of road space (20%-30% fall in congestion)
Building new roads not a solution/costly/supply creates its own demand.
Tax revenue/toll revenue for the government to replace revenue from Ved and petrol duties (growth of electric cars)
Possible use of diagrams to support argument

AO4 (see AO2 as well)

Set up costs and computerisation problems in the past (data)
Only works effectively with a fairly high Ped.
Emergence of rat runs.
Rise in uninsured/unregulated cars.
Increased costs for business – inflationary?
Regressive.
Possible use of diagrams to support argument

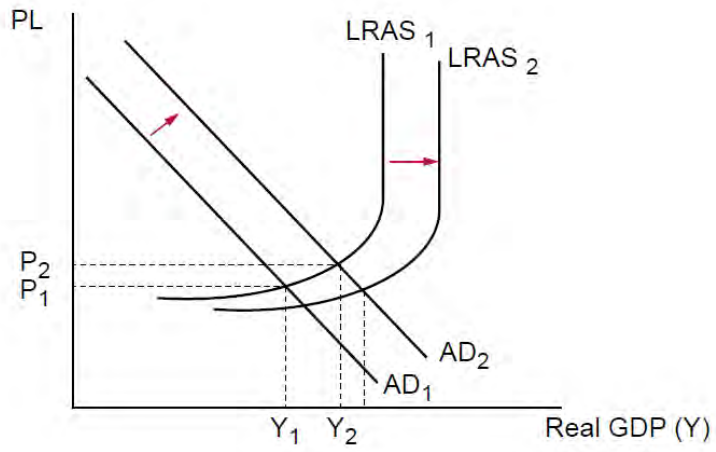
Allow any other relevant points

(f) With the aid of an AD/AS diagram and with reference to the data, discuss how beneficial the £27bn road building programme is likely to be for the UK macroeconomy. [11]

Band	AO1	AO2	AO3	AO4
	2 marks	**2 marks**	**3 marks**	**4 marks**
3			**3 marks** **Excellent analysis** Well-developed chains of analysis showing how the road building programme could benefit the UK macroeconomy.	**4 marks** **Excellent evaluation** Well-developed counterarguments are made and there is a reasoned judgement
2	**2 marks** **Good understanding** Accurate fully labelled AD/AS diagram showing AD and AS shifting to the right.	**2 marks** **Good application** The context is used effectively on both sides of the case.	**2 marks** **Good analysis** Good chains of analysis on how road building could benefit the macroeconomy although some may be less developed than others	**2-3 marks** **Good evaluation** There are well-developed counterarguments in terms of the macroe impact but there is no overall judgement.
1	**1 mark** **Limited understanding** AD/AS diagram is broadly correct but there are errors/ omissions e.g. one of the shifts is missing.	**1 mark** **Limited application** The context is used on one side of the case or superficially on both.	**1 mark** **Limited analysis** Under-developed lines of argument and analysis on the benefits of road building.	**1 mark** **Limited evaluation** Evaluation is superficial with some counter arguments but none of them are well developed.
0	**0 marks** No relevant understanding; Incorrect diagram.	**0 marks** No valid application.	**0 marks** No valid analysis	**0 marks** No valid evaluation.

Indicative content.

AO1



AO2

Data:
£27bn on road building 4000 miles between 2020 and 2025.
Smart motorways.
Growing costs to the economy of £8bn rising to £22bn by 2025.
83% of goods are transported by road
"Performance of our road network is crucial in making the UK an attractive place to invest.
Traffic volumes predicted to rise by 46% by 2035
Congestion increasing journey times by almost a minute a mile on average by 2025
Supply creates its own demand.

AO3

Road building will help the macro economy:
Demand side: Multiplier effects of building the new roads – employment effects.
Supply side: Reduction in congestion as increased supply of road space will improve the performance of the economy – improved productivity, lower costs and improved competitiveness.
Rise in GDP: Actual and potential growth increase.

AO4

Highly expensive – opportunity cost of this spending – more beneficial if the money is spent on other infrastructure such as rail/ broadband?
Skills shortage might mean that the building process further stokes inflation
Finance of £27bn programme may add to debt/higher tax burden and will impose higher maintenance costs in the longer term
Increased road space is not going to solve the congestion problem – supply creates its own demand.
There are long time lags before road projects are completed.

Allow any other relevant points.

2. (a) Using examples from the data, outline the difference between economic growth and economic development. [4]

Band	AO1	AO2
	2 marks	**2 marks**
2	**2 marks** **Good knowledge** Accurate knowledge of the difference between growth and development is shown	**2 marks** **Good application** Example from the case of growth and development (or the difference between them)
1	**1 mark** **Limited knowledge** Accurate knowledge of growth **or** development is shown	**1 mark** **Limited application** Example from the case of growth **or** development
0	**0 marks** **No valid knowledge** Knowledge of growth and development not shown	**0 marks** **No valid application** Examples from the case not used

Indicative content

AO1

Economic growth is the change in real national income (GDP, GNI etc) over a period of time.
Economic development is a broadly-based sustainable increase in living standards over time.

AO2

Growth: Accurate use of chart 1 (Falling GDP in 2011, 10% growth in 2012 then sustained growth of 7-8% since).
Use of chart 2: GNI/capita rose from around $2500 to $3000 (in 2011 PPP$). Assuming no fall in population, GNI must have risen.

Development: Chart 2: HDI rises between 1990 and 2010 in spite of the fall in GNI/capita.
HDI rises from under 0.4 to over 0.5 between 1990 and 2018
Secondary completion rates (only 35.5%)
Gender inequality (school completion rates much lower for females than males)
High maternal and infant mortality

(b) The theory of comparative advantage suggests that countries should specialise to increase their levels of economic welfare. Construct your own numerical example to explain why this is so. [6]

Band	AO1	AO3 (Comp adv)	AO3 (increased welfare)
	Is there a non-numerical understanding of comparative advantage?		**Is an appropriate example used to show comparative advantage?**
	2 marks		**4 marks**
2	**2 marks** **Good knowledge** Accurate outline of the theory of comparative advantage	**2 marks** **Good analysis** Correct example is used to explain what is meant by comparative advantage.	**2 marks** **Good analysis** Correct example is used to explain how specialisation will increase a country's economic welfare. This might be done by explaining mutually beneficial terms of trade or through demonstrating an increase in post-trade consumption possibilities
1	**1 mark** **Limited knowledge** Partial knowledge of the theory of comparative advantage is shown	**1 mark** **Limited analysis** Appropriate numerical example is used to explain what is meant by comparative advantage, but numbers are not used convincingly (eg not put into a common base)	**1 mark** **Limited analysis** An attempt is made to show how specialisation is beneficial, but it is not fully developed
0	**0 marks** **No valid knowledge** Correct knowledge of the theory of comparative advantage not shown	**0 marks** No valid analysis of comparative advantage	**0 marks** No valid analysis of economic welfare

Indicative content

AO1

The theory of comparative advantage suggests that countries should specialise in the production of those goods and services that they can produce at lower opportunity cost than other countries.

If they then trade for those goods in which they have a comparative disadvantage, economic welfare will rise as consumption possibilities will be expanded.

AO3

An example is used which shows a country that can produce a good at lower opportunity cost than another, specialises in that good and as a result realises improved consumption possibilities.

AO3 has two separate elements:
1) Showing an understanding of comparative advantage using a numerical example – so a clear demonstration of producing a good at lower opportunity cost than another country
2) Showing numerically how specialisation can increase output/consumption/welfare.

Worked example
A standard example might be something like this:

With a single factor of production, countries have the following options:

	Apple pies		Black pudding
UK	10	or	20
US	20	or	10

In terms of opportunity cost, in the UK 1 AP costs 2 BP. In the US, 1 AP costs 0.5 BP.
Therefore, the UK has CA in BP and the US in AP.

If the US sells AP to the UK for at least 0.5 BP and at most 2 BP, both countries would benefit. Suppose that trade was agreed at 1 AP to 1BP and that the UK specialised in BP.

The UK would produce 20 BP, sell 10 of them and get 10 AP back.

10 AP and 10 BP is more than the UK could produce in isolation (if they produced 10AP then there would be no resources left for BP at all).

(c) If the trends in its economic growth continue, discuss whether Côte d'Ivoire is likely to see significant improvements in its HDI ranking. [10]

Band	AO2	AO3	AO4
	3 marks	**3 marks**	**4 marks**
3	**3 marks** **Excellent application** Strong use of the case is made on both sides of the debate with a mix of numerical and qualitative data	**3 marks** **Excellent analysis** Link between economic growth and the HDI is strongly argued with well-developed links to both income and health/education	**4 marks** **Excellent evaluation** Strong two-sided answer which comes to a reasoned judgement as to whether or not growth will improve the HDI ranking
2	**2 marks** **Good application** Direct use is made of case to support arguments. The range of data is more limited	**2 marks** **Good analysis** Chain of reasoning linking growth and the HDI is present but not fully developed; links to one or more elements are missing or the answer lacks at least one well-developed argument.	**2-3 marks** **Good evaluation** Two-sided case made with well-developed reasons as to why growth might not improve the HDI ranking. Top band answers have more sustained reasoning than bottom band answers, but both have developed counterarguments.
1	**1 mark** **Limited application** Use is made of the case, but references are superficial	**1 mark** **Limited analysis** The chain of reasoning linking growth and the HDI is present, but the analysis of the HDI is superficial.	**1 mark** **Limited evaluation** Some counterargument(s) as to why growth might not improve the HDI ranking are present, but these are not developed.
0	**0 marks** **No valid application** Case is not used	**0 marks** **No valid analysis** Relevant chains of reasoning are not present	**0 marks** **No valid evaluation** Relevant counterarguments are not present

Indicative content

AO2

Chart 2: Rising income since 2010 has been correlated with rising HDI
But falling income per capita 1990-2010 was inversely correlated with HDI.
Inequalities: Gender – low school completion for girls and high maternal mortality
Age – 36% youth unemployment
Rural-Urban: 40% of workforce in agriculture which contributes only 20% of GDP
Resource heavy: growth linked to commodity prices
Nature of jobs – many still low skilled (taxi driving, roadside carpentry)
Reduced corruption since 2011
But Ouattara no longer eligible to stand
In spite of growth, still 170/189 countries on HDI
Côte d'Ivoire less agriculturally based than Africa as a whole, suggesting transition to better jobs – growth not purely resource-based

AO3

Generally rising incomes should improve the HDI. The HDI has three components linked to income (GNI/capita @PPP), health (life expectancy at birth) and education (mean and expected years of schooling).

Economic growth should increase GNI/capita depending on population growth. Hence because income is part of the HDI, growth should automatically improve it (AO2 2010-2018).

Economic growth should improve life expectancy and education
(i) Increased income should mean a larger tax base of the government, allowing more money to be invested into health and education
(ii) Increased household income will lead to better diet and greater ability to access health and education services.
(iii) Growth may lead to a change in the nature of jobs – less rural agriculture which may also lead to improvements in health and education due to better access to facilities.

AO4

Even if HDI improves, ranking might not – depends on what's happening in other countries
Chart 2 shows that the correlation isn't always that strong between 1990 and 2010 falling incomes were correlated with rising HDI.

Much may depend on the results of the 2020 elections – Ouatarra can't stand and if corruption then worsens, the benefits of growth might not feed through to ordinary citizens and living standards.

Rising income isn't guaranteed to improve health and education because of issues in areas such as gender inequality, urban-rural inequality, high youth unemployment.

Much will depend on the nature of the growth – resource-based growth runs into a number of issues in terms of increasing living standards (resource curse, Dutch disease etc).

Growth doesn't seem to be purely resource-based – volatile agricultural prices and production (charts 3 and 4) don't seem to have impacted growth significantly.

Allow other plausible answers

(d) With reference to the data, discuss whether sustained economic growth for African economies will be more likely if there is a significant transition away from producing primary products towards manufacturing and services. [10]

Band	AO2	AO3	AO4
	3 marks	**3 marks**	**4 marks**
3	**3 marks** **Excellent application** Strong use of the case is made on both sides of the debate with a mix of numerical and qualitative data.	**3 marks** **Excellent analysis** Link between transition and economic growth is strongly argued with good chains of reasoning covering reasons for leaving primary and moving towards secondary/tertiary	**4 marks** **Excellent evaluation** Strong two-sided answer which comes to a reasoned judgement as to whether or not sustained economic growth will be more likely if transition is made.
2	**2 marks** **Good application** Direct use is made of case to support arguments. The range of data is more limited.	**2 marks** **Good analysis** Well-developed chain of reasoning linking transition and economic growth present but some detail on the reasons for leaving primary or moving towards secondary/tertiary is missing.	**2-3 marks** **Good evaluation** Two-sided case made with well-developed reasons as to why transition isn't guaranteed to create sustained economic growth/why remaining primary focused might be better.
1	**1 mark** **Limited application** Use is made of the case, but references are superficial.	**1 mark** **Limited analysis** The chain of reasoning linking transition and economic growth is present, but lacks depth.	**1 mark** **Limited evaluation** Some counterargument(s) as to why transition might not lead to sustained growth, but these are not developed.
0	**0 marks** **No valid application** Case is not used	**0 marks** **No valid analysis** Relevant chains of reasoning are not present	**0 marks** **No valid evaluation** Relevant counterarguments are not present

Indicative content

AO2 (with links to AO3 and AO4)

Chart 5 shows that the average African economy has 58% of the workforce in agriculture (Ivory Coast – 40% of labour force and 20% of GDP). This creates disincentives to spend time in education and may make access impractical. As the least productive sector, very little value is being added, meaning that profits/surplus income for investment are likely to be missing, limiting potential growth (AO 3 link)

Charts 3 shows that agricultural production is highly volatile, meaning that it is difficult for economies with significant agricultural sectors to generate sustained growth. In the case of cashew nuts in particular, there are wild swings in output (AO3 link).

Chart 4 takes the specific example of cocoa and shows that price instability will make it hard to develop sustained growth because of the impact on household income and government finances – difficult to commit to long term projects if funding is so uncertain (AO3 link).

Many of the people leaving agriculture are only finding jobs in low value-added service sector jobs (eg taxis and roadside carpentry) – case suggests that this won't then drive growth (AO4 link).

The manufacturing sector is focused on exports within the African continent, but purchasing power is low – if the transition is to lead to significant growth, African firms will need to crack global markets (AO4 link).
Global markets are becoming increasingly competitive as a result of rising automation in MEDCs (AO4 link).

The Ethiopian experience shows that having an industrial platform is no guarantee of success because of labour market issues – no guarantee of growth (AO4 link).

AO3

Primary product dependency makes growth difficult to sustain due to income volatility for households, firms and governments making long term planning and projects difficult to sustain.

Primary products tend to have low value added making it difficult to generate the funds needed for investment in physical and human capital.

Developing a manufacturing/service sector will create a greater return from education, making it more likely that completion rates will improve.

Once an initial transition has begun, it becomes easier to sustain as local and foreign investors will be able to source components and workers.

Prebisch-Singer hypothesis argues that the price of primary products is likely to fall relative to those of secondaries, meaning that a transition towards secondary and tertiary sectors is key for growth.

YED higher for secondary/tertiary products than for primaries.

AO4

Growth most likely if countries can focus on areas of comparative advantage – may mean primaries – well-managed commodity production can lead to sustained growth – some oil producers in the middle east, for example – therefore it may be governance that is more important than industrial structure.

May depend on the type of industrialisation – case suggests industrialising based on underlying advantages (based on adding value in agriculture) may have the greatest success (Ghana and flower exports – AO2 link)

Sustained growth may be no more likely from secondary and tertiary sectors if firms can't get the skilled workers that are needed, if the transition is into low value-added products or if firms are unable to break into global markets (regional markets not sufficiently wealthy to generate sustained growth).

May depend on the pace of change – primary products may be a source of funds which can be used to support the transition, especially if commodity prices are rising.

May depend on trends in primary product prices – 2000 through to 2008, primary product prices rose steadily, supporting strong growth.

If manufacturing is dominated by foreign multinationals, the impact on GNI growth may be lower and if these enterprises are footloose, as incomes rise, they may relocate meaning that the growth might not be sustained.

Allow other plausible answers

(e) With reference to the data, discuss which approach to industrialisation will be most likely to succeed in Africa. [10]

Band	AO2	AO3	AO4
	3 marks	**3 marks**	**4 marks**
3	**3 marks** **Excellent application** Strong use of the case is made to look at more than one approach to industrialisation with a mix of well-integrated quantitative and qualitative data	**3 marks** **Excellent analysis** Well-developed chain of reasoning explaining how at least two of the approaches could lead to industrialisation.	**4 marks** **Excellent evaluation** Strong two-sided answer which comes to a reasoned judgement as to which approach is most likely to succeed.
2	**2 marks** **Good application** Strong use of the case is made to look at more than one approach to industrialisation **or** to look at one in-depth	**2 marks** **Good analysis** Well-developed chain of reasoning explaining how at least one of the approaches could lead to industrialisation	**2-3 marks** **Good evaluation** Two-sided case made with well-developed reasons as to why at least one of the approaches is not guaranteed to succeed. Top band answers begin to compare the relative strengths of approaches.
1	**1 mark** **Limited application** Use is made of the case, but references are superficial	**1 mark** **Limited analysis** The chain of reasoning linking an approach to industrialisation is present but superficial.	**1 mark** **Limited evaluation** Some counter argument as to why an approach might not be successful
0	**0 marks** **No valid application** Case is not used	**0 marks** **No valid analysis** Relevant chains of reasoning are not present	**0 marks** **No valid evaluation** Relevant counterarguments/ qualifications are not present

Indicative content

Possible approaches:

Export orientation

AO2/AO3:
Succeeded in East Asia via interventionist state which promoted investment and exports.
Initially a labour-intensive export-orientated model – targets high growth, high value-added products in expanding developed markets.
In some cases worked by attracting FDI but case uses the Hawassa industrial park as an example as to why this might be easier said than done.

AO4
But labour and capital costs are very high (Table 1), export markets have tended to be localised, limiting the potential to drive industrialisation via exports.

This problem compounded by rising automation and tougher competition in MEDCs.

ISI

AO3
A large-scale version of the infant industries argument that has often involved state investment into infrastructure, targeted loans and an overvalued exchange rate (to allow imports of cheap technology/capital) coupled with heavy protectionism of target sectors. Eventually sectors generate economies of scale and are able to compete fully.

Analysis might be supported by a tariff diagram showing how domestic output will expand.

AO4
But runs against the principle of comparative advantage, often leads to a lack of competitiveness as protectionism supports inefficiency. Also risk of retaliation on other sectors, therefore damages overall performance.

AO2/AO4
Abandoned in Africa by the 1980s as a result of a growing debt crisis.

Liberalisation

AO3
Free market approach normally involving both internal liberalisation (privatisation, deregulation and a reduction in the size of the state) and external liberalisation (free trade policies). In theory, this supply side approach should create opportunities for efficient firms to grow and creates competitive pressure to ensure that they remain efficient.

AO2
Seems to have supported quick growth in Côte d'Ivoire – privatisation, reduced red tape and hence a big improvement in the country's position in the WB's 'ease of doing business' index.

AO4/AO2
But Table 1 again suggests that such an approach might face difficulties in the short run. Much will also depend on the way in which it is implemented – the pace at which markets are opened up and the transparency of the privatisation process are important factors in determining success, meaning that strong governance is likely to be important.

Adding value to agriculture

AO2
Idea is to build on areas of comparative advantage with targeted support (examples in the case from Ghana, Ethiopia and Côte d'Ivoire.)

AO3
Hence builds on areas of comparative strength, but means that economies are still linked strongly to primary product markets – hence are exposed to volatility in output and prices.

By establishing an initial industrial base, the hope is that this will then attract investors into other sectors, leading to further industrialisation.

AO4/AO2
But case uses the Hawassa industrial park as an example as to why this might be easier said than done.

Allow other approaches not mentioned in the case and other plausible arguments