International Baccalaureate®
Baccalauréat International
Bachillerato Internacional

ECONOMICS TZ2

(IB Africa, Europe & Middle East & IB Asia-Pacific)

Overall grade boundaries

Higher level

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 12	13 - 26	27 - 38	39 - 49	50 - 61	62 - 73	74 - 100

Standard level

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 11	12 - 25	26 - 38	39 - 50	51 - 62	63 - 74	75 - 100

Higher and standard level internal assessment

Component grade boundaries

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 2	3 - 5	6 - 9	10 - 11	12 - 14	15 - 16	17 - 20

The range and suitability of the work submitted

The internal assessment component reflects continued progress as centres become more familiar with the criteria. Many centres are preparing their candidates very well for this component and have refined the process over the course of the last few years. The quality of the assessments is also improving. There are still some centres where very serious differences exist between teacher and moderator, but this is becoming less and less common.

The basic requirements on sources and word count were met by the vast majority of candidates. The centres followed the guidelines set by the IB and the rubric requirements were attained: if not, then most teachers marked the portfolios accordingly.

Centres showed clear evidence of preparing their candidates well. Articles chosen were usually suitable. Candidates should be advised against using articles which have already done the analysis.

Teachers are encouraged to include comments on their candidates' work when they send this for moderation. Comments should only be used to explain decisions on the awarding of marks and should be done on a separate sheet.

Candidate performance against each criterion

Criterion A

Most candidates achieved the maximum two marks for Criterion A and when this was not the case, the teachers had deducted a mark(s) accordingly. As is often the case, some candidates provided a word count of below 750 words when in reality the commentary was longer than this. Some candidates seem to be unaware that all words are included, including footnotes and diagram labels. It is important to note that moderators do count words.

Criterion B

There are still too many examples of candidates losing marks because their diagrams are poorly explained. However, the quality of diagrams continues to improve. The maxim that diagrams require full, relevant explanations still holds true. The diagrams should be adapted to the articles, giving, for example, "price per barrel of oil."   There are a number of candidates who choose to cut and paste their diagrams from websites. This is to be discouraged, but is permitted assuming the diagrams are sourced fully. Candidates should be encouraged to draw the diagram themselves to illustrate that they fully understand them and so they can use them in their final examinations. Some centres do not seem to be aware of the change in this criterion description (in 2006) that now states the use of diagrams be "highly effective" to achieve maximum marks.

Criterion C

This criterion was not a problem for most candidates. Most understood which terms to define. More able candidates used the language of economics appropriately and were also able to define terms well. It is not necessary, or desirable, to define all economic terms.

Criterion D

As usual, this criterion was a good discriminator, allowing more able candidates to illustrate their economic knowledge and analysis. There were some very good examples, which gained full marks in this area. Those portfolios which were superficial either described rather than analyzed and/or included economic theory that was not related to the article.   Paraphrasing the article was common by the weakest candidates. A useful technique to try and help weaker candidates with analysis can be to ask for a statement of what is the main point they are discussing early in the commentary.

Criterion E

The quality of work produced by candidates in terms of evaluation was at approximately the same standard as previous years. Evaluation still remains the most difficult area to get full marks. Candidates need to evaluate the economic theory in the context of real-world examples, within their commentaries. It was a pleasure to see candidates not just evaluating at the end of each commentary, but throughout.

Recommendations for the teaching of future candidates

The choice of article continues to be very significant. Better articles allowed candidates to explain the events within them using economic theory. It is important that teachers continue to include a front cover summary document (an example can be seen in the teacher support material) and a front cover for each commentary. Long articles should be highlighted.

If an article is not in the working IB language of the centre then a translation should be provided. This need not be of the whole article, but simply the relevant sections.

Centres should be vigilant to make sure that a candidate does not do two commentaries on a very similar topic.

As always, diagrams are an area that often lets candidates down. Although not always the case, the more diagrams a candidate used, the better they performed in both Criterion B and Criterion D, as diagrams helped them to analyse and apply their knowledge well. Diagrams should be explained in detail and referred to directly. Teachers are encouraged to introduce the internal assessment within the second half of the first term of the course. By this time, candidates will have a basic grasp of economic principles and should be able to find a suitable article to comment on. The first one can be used as a "practice" if necessary. If possible, produce a small booklet/handout all about the coursework, containing the official IB guidelines, the marking criteria, sample articles (good and bad), and perhaps exemplar portfolios and possible deadline dates for submission of extracts and commentaries to teachers for advice/comment. Encourage the reading of different possible sources from the start of the economics course, to get the candidates into the habit of "reading around" the subject and applying the knowledge they have gained to real life situations.

Teachers are reminded that candidates may submit a "first draft" and "final draft" of each commentary, but no more drafts.

It is vital that teachers carefully study the new syllabus, for first examination in May 2013, as the IA criteria are substantially different.

Higher level paper one
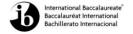
Component grade boundaries

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 3	4 - 7	8 - 9	10 - 12	13 - 15	16 - 18	19 - 25

General comments

Feedback from centres was extremely positive. It was nice to see a significantly increased level of feedback with some very useful and helpful comments made regarding syllabus coverage, clarity of wording and so forth. A majority of centres felt that the paper was of a similar standard to last year's and that the clarity of the wording of questions was good. The vast majority of centres felt that the level of difficulty of the paper was appropriate.

The areas of the programme and examination that appeared difficult for the candidates

Candidates often seemed unsure of what "key features" of government policy might be asked in question two. Also, for question four it was unusual to find a candidate who could clearly identify what the main features of an export led growth strategy might be. The understanding of import substitution was usually vague.

The areas of the programme and examination in which candidates appeared well prepared

Candidates in general were able to display excellent knowledge of the theory of the firm, particularly the model of perfect competition. The principle of comparative advantage was also shown to be well understood by candidates.

The strengths and weaknesses of the candidates in the treatment of individual questions

Question 1

a) This was by far the most popular question and there were many extremely good responses to a question that is essentially straightforward. Candidates were usually able to draw suitable diagrams to illustrate perfect competition with abnormal profits being shown in the short run. Good candidates then usually opted to show a supply and demand diagram showing the impact on price and quantity of new entrants to the market attracted by abnormal profit. Many candidates linked the industry supply and demand diagram, to a separate diagram showing the reduction of price for the individual firm, and thus the elimination of abnormal profits. Some candidates could not locate the profit maximizing output level but they were few.

b) Again there were many convincing responses to this question in part (b). Candidates usually choose to consider oligopoly under both collusive and non-collusive circumstances and this usually provided a good background from which to evaluate the relative merits of oligopoly versus perfect competition. Other candidates chose to approach the question from the points of view of different stakeholders. Diagrams were not always well drawn for the oligopoly case and in extreme cases it was difficult to identify what a diagram was showing.

Question 2

a) A relatively unpopular question although there were some very good responses. Candidates could generally identify two government policies that might lead to a redistribution of income. Although the degree to which they could develop theory varied, better candidates could explain policies in detail and apply diagrams, for example a Lorentz curve, to illustrate the impact of redistribution. Weaker candidates confused progressive and proportional taxes.

b) This was quite challenging for many candidates; the best way to access this question perhaps was to have considered the benefits and costs of greater income equality. This was successfully used in some responses to establish whether or not greater income equality should be prioritized. Other responses focused on a consideration of income equality, or rather its merits, versus other policies that governments might prioritize.

Question 3

a) Candidates were generally able to explain the theory of comparative advantage in a relatively sophisticated manner; they tended to employ a diagram showing production possibility frontiers for two countries and relevant numbers drawn from their diagram to explain the theory.
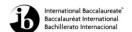
Most candidates could offer appropriate definitions. However, responses tended to be less effective in clearly explaining how countries might benefit from free trade and specialization.

b) Most candidates could offer relevant ideas and theory in support of their response. However many simply explained the case for controls rather than attempting to evaluate the arguments in favour of barriers to international trade. A lot of candidates appeared to have learned answers to a question for and against free trade, which they recounted with little effort to address the question posed.

Question 4

a) This was not a popular question and candidates struggled to establish appropriate links between export-led growth and economic development. Many respondents produced rather unsophisticated and basic responses that did not effectively address the question. A significant number could not clearly identify what export-led growth was. Better candidates could offer a definition of export-led growth and then use that as an access point to the question.

b) Candidates seemed to struggle with this question. Few could clearly identify what the key terms meant; there were therefore few good responses to this question. Starting from clear definitions of what export-led growth and import substitution are, candidates could then have attempted to consider the growth that might occur, and through that, the developmental consequences that might arise.

Recommendations and guidance for the teaching of future candidates

- Candidates should carefully read what the question is asking before they start their response. Many candidates write the answer they have prepared on the subject they want to answer, with limited reference to what is actually asked. This was notable in some responses to question 3.

- It is important to employ relevant and well-presented diagrams. They should not be used if there is little justification for their presence. They should be explained and their significance to the question should be evident. Diagrams often provide material for evaluation in part (b) responses, if understood well enough by the candidate, to do so.

- Provide definitions of key terms. It was clear, particularly in question 4, that where candidates did not set out precisely what the key terms meant, they tended to get rather lost thereafter.

- Candidates use examples with mixed success. There are those that clearly have minimal knowledge of what they are referring to. There are others that can recount specific examples and then use them effectively in the context of their response, but they are in the minority.

- Candidates should be made aware of the fact that the scripts are now scanned and candidates must ensure that they produce diagrams and text that will display clearly having been scanned. In particular do not use colours for diagrams because they cannot be seen by the examiner.

International Baccalaureate®
Baccalauréat International
Bachillerato Internacional

Further Comments

Centres should be encouraged to offer feedback because it is considered at grade award and provides information which guides the writing of the subject report. It also helps influence how exam papers evolve in the future.

Higher level paper two

Component grade boundaries

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 3	4 - 7	8 - 9	10 - 13	14 - 16	17 - 20	21 - 30

General comments

Questions 1 and 2 were clearly the most popular with question 5 and 6 being the least popular. As commented on in past reports, it is vital that candidates learn to answer the question asked. On the positive side, many candidates are clearly skilled in this area and could identify the specific objectives of the question being answered. Many of the weaker candidates either did not read the question carefully or approached the question with prepared answers. This is demonstrated, for example, with the development question where many candidates defined economic development when the question was on economic growth and sustainable development. Candidates also often analysed the basic concepts well but failed to develop and explore the implications of what the question was looking for.

The areas of the programme and examination that appeared difficult for the candidates

Candidates are expected to show an understanding of the theory being addressed in each question and apply their knowledge to the question being addressed. To understand the focus of a question and develop a response around the question requires the development of skills in the area drawing appropriate diagrams (where possible), explaining the functioning of the diagram or issue, using examples to illustrate and defining key terms.

Effective use of diagrams continues to be a real challenge for many candidates and where a diagram is not specifically asked for many candidates do not think to include one. The best candidates were able to effectively use examples in their responses.

Definitions of terms are not always given by candidates, which are important and relevant for each question. The assessment criteria clearly indicate that to reach Level 3 "relevant economic terms are defined". This is a significant weakness.

These points form a common theme from many of the examiners and far too often examiners were left guessing as to what a candidate may have been intending to explain. An implicit understanding of a concept or idea is not enough – an explicit explanation is required to answer the question.

International Baccalaureate®
Baccalauréat International
Bachillerato Internacional

The areas of the programme and examination in which candidates appeared well prepared

Candidates were generally well-prepared to answer questions.

The overwhelming majority of candidates allocated their time appropriately between the three questions and were able to complete the paper.

The strengths and weaknesses of the candidates in the treatment of individual questions

Question 1

This was a popular question with most candidates treating this as market failure and a negative externality of consumption. Candidates were able to draw the expected diagram(s), suggest solutions and importantly, answer the "why" question. Weaker candidates did tend to skip the "why" when responding. Many candidates made good use of the terminology throughout their response; even though terms may not have been defined their use of terminology did indicate an understanding of the concept.

Question 2

This question required knowledge of elasticity and indirect taxation. There were some excellent responses, but many answers explained elasticity poorly while many diagrams failed to show the imposition of a tax, its incidence and/or to include supply curves. The weakness in candidate responses to this question was not to see the government perspective and explain why a government would consider price elasticity of demand when considering increasing indirect taxes on goods or services. The best answers effectively used examples to illustrate elasticity. Often, government revenue and the incidence of taxation were not considered by candidates further detracting from their response.

Question 3

Some very good explanations were given of crowding out and the relevant theory with the linkages explained. Explanations and diagrams were very good when explaining that increased demand for loans would result in increased interest rates, but many candidates then lost the direction of their argument when accounting for how this affected investment in the private sector (or they failed to consider this at all). A number of candidates who tackled this question considered crowding out as the aggregate demand curve moving inward without understanding that the initial government spending would move the aggregate demand curve outward. A minority of candidates who tackled this question seemed to have no idea of what crowding out is.

Question 4

There were some excellent answers to this question which proved popular. Many candidates defined unemployment as well as equilibrium unemployment. There were some outstanding explanations of equilibrium unemployment with appropriate supply side policies discussed. Candidates who drew a labour diagram with a labour supply and labour force curve were best able to respond to this question. Examiners looked for consistency between the type of unemployment described and the demand/supply policies used to solve the chosen types of unemployment. Weaker answers discussed policies without relating these to unemployment.

International Baccalaureate®
Baccalauréat International
Bachillerato Internacional

Question 5

This was not a popular question and was often done poorly by candidates. Candidates who could clearly articulate an appropriate demand and supply factor were able to do very well on this question. Many candidates answered this question in terms of aggregate demand and aggregate supply and were still able to effectively answer this question. The concept of depreciation and a freely floating exchange rate was well understood. In a number of cases, exchange rate diagrams still proved to be a challenge for candidates.

Question 6

This was a popular question for weaker candidates. It was often answered in a far too general way with no clear definitions of economic growth and sustainable development. Many answers discussed the positive and negative aspects of discovering oil but found it difficult to focus on growth and sustainable development. Little use was made of relevant economic theory with the result that responses were often poor and answers tended to be rather vague. Candidates found it difficult to focus correctly on the issues explicit in the question with a tendency to give "general knowledge" responses.

Recommendations and guidance for the teaching of future candidates

The recommendations and guidance remains largely as in previous reports.

Candidates must be able to apply their knowledge of economics to the examination and the questions being asked. It is important the candidates:

- know what they want to say

- know how to show what they know

- know the types of questions they will be asked

- plan on how to structure their ideas, and

- practice answering the examination questions.

In preparing candidates for examinations the following are key points:

- Defining key terms or concepts. An implicit understanding of a concept is not enough – an explicit definition or explanation is required to effectively answer a question.

- Cover the whole syllabus: candidates often use past papers as a guide to what will appear on current papers; when something appears that has not been questioned for a long time they are at a loss.

- Emphasis must be placed on the effective use of diagrams and examples. Diagrams are used to illustrate and explain the economic issue or concept being discussed. There must be in the response a discussion concerning the point of what the diagram is indicating, and how it is helping to explain the issue as presented in the question. Candidates are also encouraged to give relevant examples whenever possible.

- Practice is required to effectively answer these short answer questions. This will entail the development of candidate ability to read the question carefully, analyse what it requires and then to respond to this question in the given time. Candidates need to be taught to answer the questions, not just discuss structural unemployment/inflation *etc* because the concept is in the question.

Also, candidates should remain focused on the question and not go off on tangents simply to fill space. The effective use of time is crucial for this.

Further Comments

Centres should be encouraged to offer feedback because it is considered at grade award and provides information which guides the writing of the subject report. It also helps influence how exam papers evolve in the future.

Higher level paper three

Component grade boundaries

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 8	9 - 16	17 - 23	24 - 30	31 - 37	38 - 44	45 - 60

General Comments

This subject report, used in conjunction with the markscheme, is designed to help teachers prepare their candidates for future exams by clarifying the expectations of the IB examining team. Since the markscheme outlines the best responses, this report focuses on more common errors made by candidates. General comments about exam-writing techniques are similar, if not exactly the same as in previous reports.

The examination seems to have been well-received by those centres that completed the feedback forms. It was considered to be a well-balanced paper, with appropriate syllabus coverage. The texts were considered to be accessible to the majority.

Effective evaluation in the final part (d) questions was often lacking; one shortcoming is for candidates to provide lists of points without coming to reasoned conclusions or making a judgment. Examiners do not expect a particular number of specified points to be made in these sub-questions and are instructed to reward all plausible points, but to reach the top band, effective evaluation must be carried out.

Candidates must not be coached to answer evaluation questions by using a pre-learned answer. It is necessary to treat each question on its own, with careful consideration of the case study and the question, rather than deliver a list of standard approaches.

A shortcoming is for candidates to make rather sweeping statements about what will happen, without taking into account the *ceteris paribus* assumption and the wide range of possible outcomes of any particular economic policy.

In parts (b) and (c) where diagrams are often required, it is very important that candidates draw (dotted) lines to the relevant axes and use the points in their written explanations. All too often, the diagram and the explanation seem quite separate from each other.

The areas of the programme and examination that appeared difficult for the candidates

This will be treated in the context of the individual questions

International Baccalaureate®
Baccalauréat International
Bachillerato Internacional

The areas of the programme and examination in which candidates appeared well prepared

This will be treated in the context of the individual questions

The strengths and weaknesses of the candidature in the treatment of individual questions

Question 1

This was the most popular question on the examination, with the vast majority of candidates choosing it.

a) (i) One common reason for an inability to access both marks was a failure to note that demand is based on both willingness **and** ability of consumers. There was also a tendency to combine a definition of demand with a definition of consumption, by referring to demand as the demand for all goods and services, rather than demand within a particular market. Another shortcoming was to define the law of demand rather than demand itself.

(ii) This was well defined by the majority of candidates.

b) The key word in this question is 'under-provided', indicating to candidates that there is some form of market failure where the market fails to produce at the socially-efficient level of output. It was acceptable to use either a consumption or a production externality analysis.

Another approach was to explain that there is a low quantity of low-emission cars since the costs of production are high, making the price relatively high.

c) This was generally well-answered, with the majority of candidates showing an increase in supply. It was not necessary to include three supply curves ($S_{original}$, $S_{with tax}$ and $S_{with half tax}$) for full marks. However, it was important to note that a decrease in supply reduces the costs in production for firms as an explanation for the increase in supply.

A disappointing number of candidates explained that a fall in tax would result in an increase in demand (rather than quantity demanded), and showed this with a rightward shift in the demand curve. In fact, throughout the examination, there were many instances where candidates confused an increase in quantity demanded with an increase in demand.

d) There was a lot of information in the text, with more than three policies mentioned. In fact, given the abundance of information in the text, it was virtually impossible for candidates not to use the information available.

In part (d) questions, it is possible for candidates to use the information from other parts of the question, and so in this case, candidates could further develop the discussion of tax reductions analysed in part (c) by evaluating the likely success of tax reductions. This might have been done through a discussion of elasticity of demand.

Weaker responses simply stated the possible policies but did not use economic analysis to show how they would be expected to achieve the goal of bringing cleaner vehicles to the road.

When attempting to evaluate the use of government policies, all too often candidates simply referred to the opportunity costs of such spending (or reduction in tax revenues) without identifying what these opportunity costs might be in the context of the Chinese case study.

The best answers tended to discuss (evaluate) each of the three proposed solutions and then provided an overall conclusion at the end of the answer.
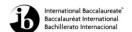
Question 2

a) (i) This was not well-answered, with many candidates simply defining unemployment.

(ii) As this is a rather uncommon term to have to define, a number of different explanations were acceptable, as long as candidates referred to some form of allocating mechanism.

b) This was well-answered. Most candidates were able to draw the diagram with two Lorenz curves showing an increase in the equality of income distribution. Many candidates did not draw the diagram as a square. Marks were not deducted for this, but it reveals a lack of accuracy. Some errors occurred in the labelling, as would be expected. Common errors included mixing-up the two correct labels or neglecting a percentage sign. A more significant error was to label the axes with price and quantity.

c) Candidates were expected to draw either a maximum price diagram (as noted in the text) or a subsidy diagram, to show that there was a government-regulated price for rice that might be below a market equilibrium. Most candidates were able to do this, and were then able to access the remaining marks by re-stating the latter part of the question.

d) The question refers to "alternative policies" and these are explicitly listed at the end of the third paragraph. However, these were not the only possible policies that candidates could address in their responses.

Weaker answers looked very generally at policies that the Philippine government might adopt either to achieve economic growth or to reduce inflation, without focusing on the issue of poverty reduction. Another weak approach was to focus narrowly on the issue of prices.

Effectively, this was a question about ways of achieving economic development, and candidates who made this link and applied the concepts in the context of the Philippine example were successful in achieving top marks.
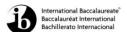
Question 3

a) (i) Most candidates were able to earn at least one mark on this question. However, many gave rather imprecise definitions, often referring to volumes of exports and imports, rather than values of exports and imports. Another weakness was to refer only to exports and imports, without clearly noting that it was a measure of trade in goods and services (or visible and invisible trade). It was not necessary to refer to income flows for full marks.

(ii) It is important to note that a definition of fiscal policy requires reference to both government spending and taxation. Furthermore, it is expected that candidates add one purpose of fiscal policy. Some candidates seem to think that interest rate management is a tool of fiscal policy.

b) This was generally well-answered, with most candidates able to draw the diagram. Candidates failed to earn full marks if they did not actually refer to the data in the question, as instructed.

Most candidates were able to label the axes appropriately, though many simply wrote "inflation" and "unemployment" without indicating that both are rates, measured as a percentage.

Although marks were not deducted, a disappointing number of candidates drew a Phillips curve that did not intersect the horizontal axis (thus implying an infinite natural rate of unemployment!).

c) This was a challenging question, although there are clues given in the question. For full marks, it was necessary for candidates to recognise that to reduce a trade deficit, a country might want to bring about a fall in the value of its country in order to make exports more competitive and imports more expensive, and that clearly France cannot do this due to its membership in the Eurozone. There were many different points of confusion in responses, with candidates often focusing more on common trade policies, rather than the single currency.

d) A vast number of candidates wrote reasonable, albeit pre-learned, discussions of supply side policies but neglected to refer to the issue of the current account deficit, as noted in the question.

Many also simply paraphrased the text, without explaining how the supply side policies would be expected to work.

Question 4

This was the most straightforward question on the paper, and the best handled by candidates.

a) (i) Very well-answered.

(ii) A number of different explanations were acceptable here. Candidates often gave anecdotes explaining the term rather than giving a clear definition, but most were able to access at least one mark with this type of approach. It should not be difficult to learn a straightforward definition for this key economic term.

b) It would appear that teachers are focusing more on labelling of exchange rate diagrams, as there was a notable improvement in accuracy this year. Most candidates were able to observe that a depreciation would occur if the central bank were to increase the supply of the currency, but a disappointing number of candidates confused an increase in the domestic supply of money (quantitative easing) with an increase in the supply of money on the foreign exchange market through the selling of the currency. Many candidates accurately explained depreciation as a result of the central bank lowering the interest rate, causing either a fall in demand or an increase in supply of the currency on the foreign exchange market.

c) This was well-handled by the majority of candidates, with most candidates showing an increase in aggregate demand as a result of an increase in consumption and/or investment. Some considered the effect on net exports as a result in the fall in the value of the baht.

Since the question asked for the effect on the Thai economy, it was necessary for candidates to address the change in both output and price level, and many neglected to provide a complete response. The consequence for the price level depended on the nature of the diagram that candidates had drawn.

d) Weaker responses focused on how the central bank could intervene, rather than whether it should intervene.

This was a question where a HL extension topic should really have been considered, and it was pleasing to see that many were able to employ the Marshall-Lerner condition appropriately.

Since the key word in this question is "should" the central bank intervene, an obvious way to carry out evaluation was to make a decision about the desirability of intervention. This was well done when candidates were able to discuss the trade-offs experienced by authorities when trying to achieve a range of goals.

Question 5

a) (i) Many candidates neglected to include the term "real" in the definition.

(ii) Given that the text used the term "investment" in the context of investment in human capital, a number of different approaches to this definition were acceptable. Most candidates were able to define this appropriately.

b) Candidates who were able to explain/define a poverty cycle (a term which is on the syllabus) were able to do this question well. However, there were a number of rambling answers about poverty that did not address the cyclical trap associated with poverty. Many failed to specify how aid could interrupt a poverty cycle.

c) Many candidates have correctly learned that economic growth differs from economic development, and most were able to access at least two marks on this question for an explanation of the difference. The examining team did not expect candidates to be able to illustrate the concept of development through a diagram, but it was expected that either actual growth or growth in potential output would be illustrated.

The labels on PPC diagrams are very important in being able to explain economic concepts. While the labels "Good A" and "Good B" are technically acceptable, it would be advisable for candidates to think about economic growth in somewhat larger terms, taking into account the much larger range of goods actually produced by an economy. For example, the categories of consumer goods and capital goods are more appropriate for an entire economy.

Some candidates seem to think that a PPC shows where an economy will produce, rather than where it can produce. While the question did not ask for a distinction between actual growth and growth in potential output, there is clearly a lot of confusion about the differences in these terms and the way that they are illustrated. Unless this really interfered with the understanding of this particular question, marks were not deducted, but this should be an area of focus for teachers.

d) Responses to this question were generally quite disappointing. There was far too much discussion about aid in general, with little awareness of different forms of aid shown.

Where they were able to distinguish between different forms of aid, there were still a disappointing number of candidates who considered foreign direct investment to be a type of aid.
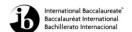
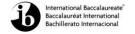Many answers veered towards non-critical paraphrasing of the text.

Recommendations and guidance for the teaching of future candidates

Many will note that these suggestions have appeared in previous examiner reports at both the Standard and Higher Level. Since the expectations have not changed, the advice remains the same.

- It may seem like obvious advice, but the full syllabus needs to be taught. Incomplete teaching of some sections of the syllabus will disadvantage candidates when they come to choosing their data response questions.

- Teachers should really encourage their candidates to learn precise definitions, as the use of precise and accurate economic terminology will enhance performance on all assessment components. If the candidates are confident in their knowledge of definitions, they can proceed quickly through the first part of each data response question. To help candidates in this important skill, candidates might be encouraged to compile a glossary of terms. Candidates must be taught to include appropriate economic words in their definitions, in order to distinguish themselves from people who have simply picked up some information without having taken an economics course.

- In part (a) questions, candidates should be encouraged to write no more than two sentences.

- Candidates will also benefit if they compile a glossary of all the diagrams. It is essential that candidates are fully aware of the accurate labels for the different models.

- Most questions (b) and (c) require the use of a diagram, and these are generally all standard diagrams from the syllabus. Where diagrams are used in parts (b) and (c), candidates should be sure to use/explain the diagram by making references to the diagram in the response.

- Diagrams should not be placed at the end of the exam. They should be drawn exactly where the accompanying explanation is written. Now that economics exams are being marked electronically, it will help examiners if candidates provide the explanations for diagrams on the same page as the diagrams themselves. This can be done particularly in parts (b) and (c) if candidates start a new side of paper for each of these questions.

- All too often, candidates will use a correct diagram, but then fail to make use of the diagram in their explanation. The diagram and the explanation must be integrated with each other. Candidates should explain reasons for any changes and use (dotted) lines to the axes and notation such as (q1 to q2) or (AD1 to AD2) in their written work.

- Candidates should take about a third of a page to draw their diagrams, and should use a ruler to make sure that it is done neatly so that the information is clear.

- It is now the policy that candidates are not allowed to use coloured pens/pencils on their exams, so this should no longer be encouraged. However, they should be sure to use arrows to indicate the direction of change of any variables.

- Diagrams should be made appropriate to the question and/or the market in the question. For example, a question about the market for the Thai baht should have as its y-axis label, "price of the Thai baht in another currency".

- Candidates must also be able to distinguish between macroeconomic and microeconomic labelling and between the different models used. Failure to label diagrams correctly prevents candidates from achieving full marks.

- Candidates must be taught to carefully identify what a question is asking for in parts (b) and (c). They should make sure that their diagrams address the specific question that is asked, rather than write all about every aspect of a diagram.

- Part (d) answers require candidates to apply and develop the economic theory that is relevant to the case study. It is not enough to simply mention the relevant theory; answers which reach the top band must illustrate that the candidate can clearly use/apply that theory. Candidates need to show an examiner that they have studied an economics course, not simply that they can use some economic words that appear in a question or in the text.

- While examiners are observing much improvement, candidates must be reminded that to achieve top marks in questions (d), they must make reference to the text. Encourage candidates to use quotation marks, or make references to the paragraphs or texts. On the other hand, candidates might go too far in this regard. On this exam, there were many examples of responses that veered toward non-critical paraphrasing of the stimulus text.

- Candidates must be encouraged to consider what it is that they are being asked to evaluate. For example, on questions 1, 2 and 3 of this paper, candidates were asked to evaluate government policies. In this case, possible questions that the candidates might ask themselves include:

  - What is the intended outcome of the policies? (May be given in the question. If this is the case, then this should be the focus)

  - How are the policies expected to work? (this is the analysis step)

  - What might prevent the policies from working?

  - What are the advantages and disadvantages of the policies?

  - How will different stakeholders be affected by the policies?

  - How do the short run and long run effects of the policies differ?

  - What might be the unintended consequences of the policies?

  - How might the different "schools of thought" (market-oriented and interventionist) in economics view these policies differently?

- Often the question refers to a particular desired outcome (in Q2 – "to reduce poverty"; in Q3 – "to lower its current account deficit"; in Q5 – "in promoting economic development"). Thus, candidates must be sure that they focus on the effectiveness of the policy in achieving this particular outcome. Other outcomes might be addressed as a means of weighing up the consequences, but the focus must be on the one that is in the question.

- In question 4, the candidates are asked to consider a particular view that the central bank/ government should carry out a particular policy. In this case, questions that the candidates might ask themselves include:

  - Why would the central bank be pursuing such a policy?

  - How is the policy intended to work?

- - What are the advantages and disadvantages of the policy?

  - How will different stakeholders be affected by the policy?

  - How might the different "schools of thought" in economics view this differently?

  - How do the short run and long run effects of the policies differ?

- Ultimately, if the word 'should' appears in the question, then this is a hint that the conclusion needs to state whether or not the policy should or should not be pursued.

- In question 5, the candidates are asked to evaluate the different forms of aid in promoting economic development. To do this, candidates need to discuss the advantages and disadvantages of different forms of aid, and come to reasoned conclusions about the way that these actually do promote economic development.

- It is always necessary to remember that for evaluation to be effective, it is necessary to make a reasoned and justified judgment regarding the information and this needs to be directed to the actual question and the case study.

- Theory provided in part (d) questions must be directly linked to the case study to avoid delivering a pre-learned mini-essay. Candidates should be encouraged to really engage with the case study, in order to be able to apply the theory.

- Teachers are advised to make sure that HL candidates are aware of the HL extensions topics, and encourage candidates to try to bring these topics into their discussions. For example, in this exam, the Marshall-Lerner condition was an obvious extension topic to bring into the answer.

Further Comments

Centres should be encouraged to offer feedback because it is considered at grade award and provides information which guides the writing of the subject report. It also helps influence how exam papers evolve in the future.

Standard level paper one

Component grade boundaries

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 3	4 - 6	7 - 8	9 - 11	12 - 14	15 - 17	18 - 25

General comments

The submitted G2 feedback forms indicated that teachers considered the paper to be appropriate in terms of difficulty. However, the senior examiner team did consider it to be slightly more difficult than past papers. Question 1 and 2 proved most popular because they seem to be viewed by candidates as easier areas of the syllabus. There is certainly evidence of candidates being well prepared by centres and this is very encouraging.

The areas of the programme and examination that appeared difficult for the candidates

As in previous sessions, international trade and economic development proved to be the most challenging for candidates and this was reflected by the relatively small numbers who attempted questions 3 and 4. Question 4 was particularly unpopular.

Candidates struggled with question 3(b) on the terms of trade. This is always a difficult area for candidates and a concept that is often misunderstood.

The economic development question always poses problems to candidates and very few candidates attempt it because they seem to find it difficult to use economic theory to support their answers.

A general weakness of candidates when they are answering paper 1 questions is a lack of examples. The use of effective examples to support answers is an important part of achieving top level answers on parts (a) and (b) of questions.

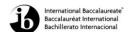## The areas of the programme and examination in which candidates appeared well prepared

It was pleasing to read some very good answers particularly to questions 1 and 2. There is clear evidence that centres are preparing candidates well for particular aspects of this paper. It was good to see answers which used precise theory and effective diagrams to illustrate points being made. There is also clear evidence that candidates are able to use evaluation effectively when they are answering part (b) questions.

It was pleasing to see many candidates planning their answers effectively and producing logical, well-structured answers to questions.

This was quite a challenging paper and it was good to see large numbers of candidates adapting well to the demands of the questions and answering them precisely.

The strengths and weaknesses of the candidates in the treatment of individual questions

Question 1

a) This was a popular question which brought some good answers. The question required precise definitions of public goods and merit goods along with examples of the two types of good. The best answers explained how public goods are a market failure because of the "free rider" problem and how merit goods are underprovided in free markets because of positive externalities associated with their consumption.

b) This was a challenging question for candidates because it is quite an open-ended question which candidates could tackle in a number of different ways. Many candidates approached the answer by considering the benefits of free markets in terms of the way the price mechanism guides the allocation of resources and rations the goods produced. They went on to evaluate the weaknesses of free markets by looking at the different market failures. Some candidates focused more on making a comparison between free markets and planned economies. Both approaches were equally valid.

It was good to see candidates effectively evaluating the points they made in this question by critically appraising the advantages and disadvantages of the free market, considering the impact on different stakeholders and the short- and long-term implications of free markets.
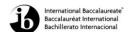
The best candidates considered their answer in terms of the reality that all markets are mixed. It was also good to see candidates looking at some interesting real world examples.

Question 2

a) This was a popular question that produced some good responses. The best answers included accurate definitions of government spending, aggregate demand and aggregate supply. Answers needed to explain how a rise in government spending could increase aggregate demand by, for example, increasing the demand for goods through public spending on health or education. Answers could, alternatively, consider how raising government transfer spending could increase consumer spending. Candidates found the impact of government spending on aggregate supply more challenging. The best answers considered how, for example, government spending on education would increase the skill level of the workforce which would increase the productive potential of the economy shifting the LRAS curve outwards.

b) Many candidates struggled to come to terms with the demands of the question. There were, however, some very good answers which considered the macroeconomic costs and benefits of reducing government spending by looking at the impact this would have on growth, inflation, employment and balance of payments. It was also good to see some answers that considered the impact low government spending would have on the distribution of income by looking at how cuts in spending would affect low income groups and how reducing tax may benefit the rich. This was a good opportunity to evaluate points made by considering different stakeholder groups.

Some candidates also evaluated the question by saying how lower spending might reduce growth in the short run, but because tax could be reduced, long-term growth could be increased through better incentives for labour and enterprise.

Question 3

a) This question was looking for candidates to go through the reasons why countries trade. Many answers considered different factor endowments that countries have, the ability of consumers to access a greater choice of products, the benefits of increased competition, the benefits of specialisation and the political benefits of increased trade. Candidates were not required to show a detailed knowledge of absolute and comparative advantage because these are higher level extension topics. The best answers examined the benefits of trade using theory which included production possibility curves and demand and supply analysis. It was also encouraging to see some candidates using effective examples to support their answers.

b) The terms of trade is an area of theory that candidates often find challenging and whilst there were some good answers to this question some candidates struggled to answer this section accurately enough. Precise definitions of the terms of trade and balance of payments current account were an important starting point.

The key to answering this question was to consider the implication of deterioration in the terms of trade, as export prices fall relative to import prices, on the balance of payments current account. Good answers considered how falling export prices could benefit exporting businesses as their goods become more competitive on export markets. Importers, on the other hand, might find the price of the goods they buy become more expensive and add to their costs. If export revenues fall and import expenditure rises then the balance of payments current account will move towards surplus. Using this approach allowed candidates to be evaluative by considering importers and exporters as different stakeholders. It was also possible to look at the short- and long-term effects of the deterioration in terms of trade on the balance of payments current account if rising import costs make exporters who depend on imported inputs less competitive in the long run. Candidates were not required to consider the implications of price elasticity of demand because these are higher level extension topics.

Question 4

a) This was the least popular question on the paper and reflects the reluctance of candidates to answer questions on the economic development section of the syllabus. It was important for candidates to start with an accurate definition of export-led growth and economic development. The key features candidates could have covered included the adoption of free trade, investment in manufactured goods to export, encouraging FDI, the adoption of supply side policies and the use of a floating exchange rate.

It was important for candidates to then link the growth strategy to development by, for example, considering how growth allows the government to collect more tax revenue to develop a country's infrastructure and public services. The best answers included examples of countries, such as China, South Korea, Taiwan, Malaysia and, more recently, India. One difficulty associated with this question was that countries adopting export-led growth did so in different ways; for example, South Korea was fairly protectionist in the early stage of its development strategy and China fixed its currency against the US dollar for a number of years.

b) This answer was looking for candidates to compare and contrast export-led growth and import substitution as development strategies. Good answers started by defining import substitution and considering how this strategy might deliver economic development in comparison to export-led growth. Good answers looked at the policy of import substitution in terms of protection of domestic industries with trade barriers, government investment in key industries, exchange controls and government subsidies.

The best evaluative answers looked at the problems of import substitution through things like supply shortages and state inefficiency along with the problems of export-led growth through things like MEDC protectionism and environmental problems. It was important for candidates to link the relative advantages and disadvantages of the two approaches to economic development. For export-led growth, the big increase in income inequalities in some countries who have adopted this policy would hinder development. In the case of import substitution, for example, the loss of foreign exchange earnings reduces household access to imported necessities like certain food products.

International Baccalaureate®
Baccalauréat International
Bachillerato Internacional

Recommendations and guidance for the teaching of future candidates

The following is a list of important areas that teachers and candidates should focus on:

- Clearly and accurately define the key terms in the question.

- Make sure answers address the question asked and are not based on pre-prepared answers.

- Use relevant economic theory to support the points made when answering a question.

- Draw clear, accurately labelled diagrams to illustrate arguments.

- Use examples to support each point made in an answer.

- Practise evaluating the points made in an answer by discussing the advantages and disadvantages, the impact on different stakeholders, the short- and long-term consequences and prioritising arguments.

Further Comments

Centres should be encouraged to offer feedback because it is considered at grade award and provides information which guides the writing of the subject report. It also helps influence how exam papers evolve in the future.

Standard level paper two

Component grade boundaries

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 7	8 - 15	16 - 23	24 - 30	31 - 37	38 - 44	45 - 60

General comments

This subject report, used in conjunction with the markscheme, is designed to help teachers prepare their candidates for future exams by clarifying the expectations of the IB examining team. Since the markscheme outlines the best responses, this report focuses more on more common errors made by candidates. General comments about exam-writing techniques are similar, if not exactly the same as in previous reports.

The examination seems to have been well-received by those centres that completed the feedback (G2) forms. It was considered to be a well-balanced paper, with appropriate syllabus coverage. The texts were considered to be accessible to the majority.

As is often the case, evaluation in the final part (d) questions was often lacking; there is a tendency for candidates to provide lists of advantages and disadvantages without coming to reasoned conclusions or making a judgment. Examiners do not expect a particular number of specified points to be made in these part (d) questions and are instructed to reward all plausible points, but to reach the top band, effective evaluation must be carried out.

International Baccalaureate
Baccalauréat International
Bachillerato Internacional

The areas of the programme and examination that appeared difficult for the candidates

This will be addressed in the context of individual questions.

The areas of the programme and examination in which candidates appeared well prepared

This will be addressed in the context of individual questions.

The strengths and weaknesses of the candidates in the treatment of individual questions

Question 1

a) (i) This question was generally well answered. However, a significant number of candidates omitted either the term sustained, relating to the increase, or the term general (average), relating to the price level. Some omitted both.

(ii) This question was generally very poorly answered, with the majority of candidates seemingly unaware of the meaning of the term, either in terms of national income accounting or in terms of current account calculation.

b) Most candidates were able to show a shift of the supply curve to the right (downwards) and explain that a fall in costs for producers would lead to an increase in supply and a lower price. Weaker candidates wanted to show an increase in supply, but then shifted the supply curve upwards in order to do this, thus reducing output and raising price.

c) The example in the article is a maximum price and the majority of candidates showed this correctly on their diagrams, indicated a shortage (excess demand), and explained that at the maximum price, demand would exceed supply. The most common error was for candidates to place the maximum price above the equilibrium price.

d) This was a reasonably well answered question, with a good amount of material from the text on which to draw. Unfortunately many of the responses simply explained the advantages and disadvantages of different price controls, failing to evaluate them. Stronger responses tended to weigh up and compare the relative methods or to look at the short-run and long-run implications.

Question 2

a) (i) This question was generally well answered. However, a significant number of candidates omitted either the term sustained, relating to the decrease, or the term general (average), relating to the price level. Some omitted both.

(ii) A well answered question, with the majority of candidates explaining that it was income that was not spent (present consumption foregone).

b) There were a significant number of very poor diagrams offered here. Labelling was weak and candidates seemed to think that they could draw any wavy line and that it would do. In some cases, the drawing was so poor that the lines were regressive in places, such that time was going backwards. They also failed to identify the different stages of the business cycle on the diagram and/or in their explanations. This is a topic that obviously needs more careful coverage in a number of centres.

c) Many candidates were able to show a shift of the AD (or AD_L) curve to the left, explaining that this represented demand-deficient (or cyclical) unemployment. Surprisingly, a significant number of candidates drew a correct diagram, but then insisted that the unemployment was structural, whilst writing about falling domestic demand. A few candidates stated that the increase in demand for imports, over domestic products, indicated a change in the structure of the economy and so any unemployment was structural. If this was correctly explained, then it was fully rewarded.

d) Unfortunately, a significant number of candidates used this question to write clearly pre-learned answers on fiscal policy, without using information from the text, of which there was a great deal. This tended to restrict candidates to Level 2 in the markscheme Levels of Response and so meant that the highest mark that could be achieved was 5 out of 8. Candidates must be aware that, without direct reference to the text/data, they cannot be rewarded beyond Level 2.

Question 3

a) (i) This was not well answered on the whole. Many candidates thought that it was related to the conditions that countries applied when they traded.

(ii) There were some rather vague answers here. Most candidates were aware that it was to do with imports and exports, but many were unable to be exact about the definition. A simple statement that it is a measure of the flow of funds from trade in goods and services would have sufficed.

b) Those who were familiar with the concept of the circular flow had little trouble with this question. However, it became clear that many candidates did not really understand the circular flow and the fact that exports are an injection. Because of this, they were unable to explain that falling net exports could lead to a reduction in the level of national income (aggregate demand).

c) Stronger candidates explained that a depreciation of the exchange rate would lead to more expensive imports, cheaper exports, and most likely an increase in (X-M) and so a shift of the AD curve to the right, causing an increase in the average price level. The weaker candidates simply found this too difficult to understand and so fared badly. It tended to be an "all or nothing" question.

d) This question was generally well answered and better candidates were able to make reference to the text/data and to evaluate the likely effectiveness of the central bank of Brazil's reduction of interest rates. A common method was to weigh up the strengths and weaknesses of the policy and to come to a measured suggestion of the possible outcome and thus effectiveness. Some candidates emphasised the possible existence of time lags, inferred in the fifth and sixth paragraphs, and took a time period approach to their evaluation. Weaker responses simply discussed the possible theoretical effects of reducing interest rates.

Question 4

a) (i) A well answered question, with most candidates aware that they are limits on the quantity (or value) of imports that may be imported into a country.

(ii) Another well answered question, although a significant number of candidates failed to identify both willingness and ability to purchase.

b) This was generally very well answered, both in terms of diagrams and explanations. The most common error was to show a shift of the domestic supply curve, rather than the world supply curve.

c) The article relates to a subsidy for domestic producers in order to protect them from foreign car imports. Many candidates realised this and so showed a shift of the domestic supply curve to the right (downwards) on an international trade diagram, with a world supply curve. They then explained that a fall in costs for domestic producers would lead to an increase in domestic production of cars and a fall in the level of imports. As with the earlier domestic question, 1 (b), weaker candidates wanted to show an increase in supply, but then shifted the domestic supply curve upwards in order to do this, thus reducing domestic production.

d) This was the best answered of the part (d) questions on this paper. Many candidates went through the process of explaining the advantages and disadvantages of increased protection for the car industry and so the Australian economy and then attempted to weigh them up and to come to a measured conclusion relating to their arguments. The most obvious method of evaluation was to consider the possible differing effects on the Australian economy of the proposed increased subsidies against the reduction in tariffs. There were some very good responses in this area. As always, weaker candidates simply wrote a theory essay on the different types of protectionism, failing to use the text.
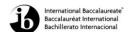
Question 5

a) (i) The majority of candidates explained that corruption was an illegal activity involving the abuse of position (power) for personal gain.

(ii) Many candidates did not seem to be familiar with this concept. Most realised that it was to do with being poor, but many could not explain that it is any logical circular chain of events, starting and ending in any one of the causes of poverty. There was not a single expected response, any suitable logical example was rewarded.

b) The majority of candidates showed the maximum price correctly on their diagrams, indicated a shortage (excess demand), and explained that at the maximum price, demand would exceed supply. The most common error was for candidates to place the maximum price above the equilibrium price.

c) Many candidates missed the link between oil deposits and factors of production and were therefore unable to see the connection to the PPC or, alternatively, the LRAS. In cases where they did draw a PPC, there was a tendency to put the quantity of oil on the x-axis and the price of oil on the y-axis!

d) This was a generally poorly answered question. The majority of candidates failed to distinguish between growth and development and seemed to have little idea of why dependency on the production of a single commodity may have negative effects on economic growth, and so economic development, in a developing country.

It appeared that this area of the syllabus may not have been thoroughly covered in a number of Centres and a number of candidates appeared to be answering this question as a last resort. There was little true understanding of development economics shown.

Recommendations and guidance for the teaching of future candidates

Many will note that these suggestions have appeared in previous examiner reports at both the Standard and Higher Level. Since the expectations have not changed, the advice remains the same.

- It may seem like obvious advice, but the full syllabus needs to be taught. Incomplete teaching of some sections of the syllabus will disadvantage candidates when they come to choosing their data response questions. This is especially the true in the case of development economics

- Teachers should really encourage their candidates to learn precise definitions, as the use of precise and accurate economic terminology will enhance performance on all assessment components. If the candidates are confident in their knowledge of definitions, they can proceed quickly through the first part of each data response question. To help candidates in this important skill, candidates might be encouraged to compile a glossary of terms. Candidates must be taught to include appropriate economic words in their definitions, in order to distinguish themselves from people who have simply picked up some information without having taken an economics course.

- In part (a) questions, candidates should be encouraged to write no more than two sentences, so that they do not use up valuable time pointlessly.

- Candidates will also benefit if they compile a glossary of all the diagrams. Most questions (b) and (c) require the use of a diagram, and these are generally all standard diagrams from the syllabus. Where diagrams are used in parts (b) and (c), candidates should be sure to use/explain the diagram by making references to it in the response.

- Diagrams should not be placed at the end of the exam. They should be drawn exactly where the accompanying explanation is written.

- All too often, candidates will use a correct diagram, but then fail to make use of the diagram in their explanation. The diagram and the explanation must be integrated with each other. Candidates should explain reasons for any changes and use (dotted) lines to the axes and notation such as (Q_1 to Q_2) or (AD_1 to AD_2) in their written work.

- Candidates should take about a third of a page to draw their diagrams, and should use a ruler to make sure that it is done neatly, so that the information is clear to the examiner.

- It is now the policy that candidates are not allowed to use coloured pens/pencils on their exams, so this should no longer be encouraged! However, they should be sure to use arrows to indicate the direction of change of any variables.

- Diagrams should be made appropriate to the question and/or the market in the question. For example, a question about the market for the Indian rupee should have as its y-axis label, "price of the rupee in another currency".

- Candidates must also be able to distinguish between macroeconomic and microeconomic labelling. Failure to label diagrams correctly prevents candidates from achieving full marks.

- Candidates must be taught to carefully identify what a question is asking for in parts (b) and (c). They should make sure that their diagrams address the specific question that is asked, rather than write all about every aspect of a diagram.

- While examiners are observing much improvement, candidates must be reminded that to achieve top marks in questions (d), they must make reference to the text. Encourage candidates to use quotation marks, or make references to the specific paragraphs or tables.

- Part (d) answers also require candidates to apply and develop the economic theory that is relevant to the case study. It is not enough to simply mention the relevant theory; answers which reach the top band must illustrate that the candidate can clearly use/apply that theory.

  Candidates need to show an examiner that they have studied an economics course, not simply that they can use some economic words that appear in a question or in the text. Teachers should instruct their candidates to take a few sentences to explain concepts that they bring up in their analysis for question (d).

  In question 3 for example, candidates would often bring up a problem, such as an increased budget deficit due to expansionary fiscal policy, but would not give any explanation as to why an increased budget deficit is a problem. When this happens, candidates look as though they have simply memorized a set list of issues, but do not demonstrate any depth of understanding of the topic.

  Another problem occurs if candidates use terms, but don't really understand them. For example, in question 4(d), where candidates were asked to evaluate protectionism, many candidates brought up concepts like deadweight loss, consumer and producer surplus, and consumer welfare, but had clearly just memorized this terminology with little understanding as to how to apply or explain it.

- Candidates must be aware of the different ways that they can carry out the skill of evaluation. To start, candidates can be encouraged to discuss advantages and disadvantages of a particular economic 'event' or policy; they can look at an issue from the perspective of different stakeholders or they can consider the differences between short run and long run consequences. But it is **not** sufficient to just list advantages or disadvantages or to distinguish between the short run and the long run.

  For evaluation to be effective, it is necessary to make a reasoned and justified judgment regarding the information.

- Theory provided in part (d) questions must be directly linked to the case study to avoid delivering a pre-learned mini-essay. Candidates should be encouraged to really engage with the case study, in order to be able to apply the theory.

Further Comments

Centres should be encouraged to offer feedback because it is considered at grade award and provides information which guides the writing of the subject report. It also helps influence how exam papers evolve in the future.