INTERNATIONAL BACCALAUREATE
BACCALAURÉAT INTERNATIONAL
BACHILLERATO INTERNACIONAL

MARKSCHEME

November 1999

ECONOMICS

Higher Level

Paper 2

Marking Criteria

Use these guidelines as a general basis for awarding marks.

Band 4A:
10 marks
Excellent. Not necessarily a perfect answer, but as good as could reasonably be expected by a candidate at this level under these circumstances.

Band 4B:
8-9 marks
Very good. A comprehensive answer without major error. The candidate is clearly at home in economic argument. Succinct and well directed.

Band 3:
6-7 marks
Generally good. The candidate clearly has grasped the import of the question. Most of the points which could reasonably be expected are covered. Some minor errors are possible, but these do not detract from the overall impression.

Band 2:
4-5 marks
Quite relevant. Satisfactory/adequate. Some fairly good points made. There may be errors, points of confusion, or omissions, but the candidate provides evidence of familiarity with basic economic principles.

Band 1:
2-3 marks
Weak. Some relevance, but this is very limited; or some basic points made, e.g. definitions of terms without elaboration. Significant errors, major confusions, or omission of important points.

Band 0:
0-1 marks
Very weak. Absolutely no relevance. Do not use this band if there is **some** relevance.

PAPER-SPECIFIC GUIDANCE - NOVEMBER 1999

The following comments are intended to provide extra guidance to Assistant Examiners, but they are not meant to be a 'straitjacket'.

They are meant to indicate some of the main points which the question-setter hoped to elicit, and/or indicate sensible approaches; however, it is often possible for candidates to respond to a question in a way which is unanticipated and yet which contains valid economic arguments, so please keep an open mind.

THE GENERAL MARKING CRITERIA REMAIN THE MAIN BASIS FOR AWARDING MARKS.

PLEASE REMEMBER THAT CANDIDATES HAVE ONLY ONE HOUR IN WHICH TO ANSWER FOUR QUESTIONS ON THIS PAPER. PROVIDED THAT CANDIDATES GRASP THE IMPORT OF EACH QUESTION AND ANSWER RELEVANTLY, THEY SHOULD BE REWARDED.

Question 1   (Economic systems and problems)

The intention of this question is to allow students to display knowledge of different kinds of economic systems (MDCs, LDCs and CPEs) and to be able to relate this to the what, how and for whom questions of Economics. In order to score well it is necessary that some comparison of economic systems should take place but, given the time constraint, it is not expected that all aspects can be covered. Credit should be given also to candidates who argue that different economic systems do face <u>different</u> fundamental economic problems. Maximum of *[4 marks]* for a very generalised discussion in terms of inflation, unemployment *etc.* without addressing the question.

Question 2   (Elasticities)

To obtain high marks candidates should write about price, income and cross elasticities and their importance to a firm. Importance should include such factors as predicting the effects of price changes (price elasticity), predicting the behaviour of rivals (cross elasticity) and predicting future developments in the market (income elasticity). Maximum *[6 marks]* for any one developed well. Full marks for two developed well. Maximum *[3 marks]* for defining the three types of elasticity.

Question 3   (The multiplier)

Reward students who show an understanding of the multiplier process in practice and can give examples of spin-off employment/income effects. Better answers might distinguish between direct effects and indirect effects.
Time lags in the multiplier process occur due to delays between receiving income and spending it, between higher expenditure and higher output in reaction to higher expenditure, and between higher expenditure and higher earnings. To obtain high marks students should make a reasonable attempt at both parts of this question. Maximum *[6 marks]* if only one part attempted.

Question 4   (The terms of trade)

Explanation of worsening terms of trade – up to *[3 marks]*. Movements against due to low income elasticity of demand for exports and high elasticity of demand for imports, availability of substitutes for tea and shifts in consumer preference, against lack of substitutes for consumer durables. Consequences on trade balance and living standards.   Maximum *[7 marks]* if only part (ii) attempted (*[7 marks]* can be awarded for one point developed fully or several less fully).

Question 5   (Investment in human capital)

Answers might include such points as investment in human capital effect on birth rates, impact on social mobility, income distribution. Candidates may choose to develop one or two points in detail or give an answer which covers a wider range of points in less detail. Be prepared to reward either approach with high marks.

Question 6   (Sustainable development)

Be careful of a general knowledge style answer to this question. Reward any reasonable **economic** definition of the term sustainable development. Similarly, give credit to answers in the second part which have a clear economic content to them. To obtain high marks students should make a reasonable attempt at both parts of this question. Maximum *[5 marks]* for any one part.