

Mark Scheme (Results)

Summer 2014

Pearson Edexcel GCE  
in Economics (6EC04/01R)

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## General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Mark scheme: 6EC04/01R JUNE 2014

**\*\*SECTION A: ESSAYS – PLEASE USE DETAILED MARKING CRITERIA WHICH ARE TO BE FOUND AT THE END OF THIS MARKSCHEME\*\***

**QUALITY OF WRITTEN COMMUNICATION:**

**Quality of written communication (QWC)** is assessed in **both parts of the essays and in parts (d) & (e) of the data response questions** and should be assessed on the candidate's ability:

- To present an argument and conclude on the basis of that argument
- To organise information clearly and coherently
- To use economics vocabulary appropriately
- To use grammar, spelling and punctuation appropriately

**FOR ALL QUESTIONS: No mark scheme can cover all possible responses. Therefore, reward analysis which is relevant to the question even if this is not specifically identified in the mark scheme.**

Question No.	Answer	Mark
1 (a)	<p>KAA: 14; EV: 6</p> <p>Effects include impact on:</p> <ul style="list-style-type: none"> <li>Income distribution: may be argued that VAT is regressive, especially in relation to energy, food <i>But: some research suggests that the overall affect of VAT in the UK is mildly progressive</i></li> <li>Prices: analysis could include appropriate supply and demand diagram. N.B. Inflation would only result if the increase in VAT results in a wage-price spiral <i>But: impact on individual goods and services depends on the PED</i></li> <li>Living standards: fall in real incomes <i>But: other things may not be equal e.g. wages may be rising faster than prices</i></li> <li>Unemployment likely to increase <i>unless offset by other components of AD</i></li> <li>Incentives to work: a higher VAT rate would cause a fall in real incomes. This could increase incentives to work if people wish to maintain their standard of living. <i>But: there may be no impact on incentives if there is no change in income tax rates</i></li> <li>Tax revenues: these would increase if demand for the goods and services affected are price inelastic <i>But: if the tax rise causes a recession, overall tax revenues will fall.</i></li> <li>Public finances: budget deficit may fall <i>But danger that a fall in AD would reduce tax revenues</i></li> </ul> <p>Award a maximum of 16/20 if no example of a specific country is given.</p>	(20)
Level	Mark	Descriptor
Level 1	1-7	Identification of points which are of limited relevance
Level 2	8-10	Typically, answers will consider 1 factor with 1 evaluative point or 2 points with no evaluation or list of several points with little analysis
Level 3	11-14	Typically, answers will consider 2 factors with 1 evaluative point or 3 points with no evaluation
Level 4	15-16	Typically, answers will consider 3 factors with 1 evaluative point
Level 5	17-20	Typically, answers will consider 3 factors with at least 2 evaluative points

Question No.	Answer	Mark
1 (b)	<p>KAA: 21; Ev: 9</p> <p>Several approaches may be adopted e.g.</p> <ul style="list-style-type: none"> <li>• Whether or not the budget deficit should be cut at all</li> <li>• Case for cutting public expenditure rather than raising taxes</li> <li>• Case for cutting public expenditure</li> </ul> <p>The third is the most likely option but the other approaches should be credited.</p> <p>Case for cutting public expenditure:</p> <ul style="list-style-type: none"> <li>• Reduce danger of crowding out</li> <li>• Reduce possibility of government failure</li> <li>• Size of public sector already too large according to some economists – waste and inefficiency</li> <li>• Low productivity in the public sector</li> <li>• More efficient allocation of resources</li> <li>• Greater possibility of borrowing at low interest rates (and maintaining triple A credit rating)</li> </ul> <p><i>Evaluation could include:</i></p> <ul style="list-style-type: none"> <li>• <i>Job losses might be extensive. (IFS estimates it will be 1.2m by 2017-18)</i></li> <li>• <i>Reduction in both quantity and quality of public services which could reduce productivity</i></li> <li>• <i>Income distribution might become more uneven if cuts in welfare benefits are implemented</i></li> <li>• <i>Reduction in productive capacity in the long run if investment is cut</i></li> <li>• <i>Impact depends on the areas in which public expenditure is being cut and on size of the multiplier</i></li> <li>• <i>Danger that public expenditure cuts might cause a triple dip recession and cause fiscal deficit to rise</i></li> </ul>	(30)
Level	Mark	Descriptor
Level 1	1-11	Identification of points which are largely irrelevant
Level 2	12-15	Typically, answers will consider 2 factors with 1 evaluative point or 3 points with no evaluation or list of several points with little analysis
Level 3	16-21	Typically, answers will consider 3 factors with 1 evaluative point or 4 points with no evaluation
Level 4	22-25	Typically, answers will consider 4 factors with 2 evaluative points
Level 5	26-30	Typically, answers will consider 4 factors with 3 evaluative points

Question No.	Answer	Mark
2 (a)	<p>KAA: 14; Ev: 6</p> <p>Factors include:</p> <ul style="list-style-type: none"> <li>• Relative inflation rates: reference to purchasing power parity theory <i>But: small interest rate differences might be offset by other factors e.g. stability of the economy</i></li> <li>• Relative interest rates <i>But: quantitative easing might play a more significant role now</i></li> <li>• Relative strength of the economy: euro crisis; sovereign debt crisis <i>But: in Japan's case, its national debt of 230% has not prevented an appreciation of its currency</i></li> <li>• Expectations play a very important role in relation to all of the above <i>Could be argued that this is the most significant factor</i></li> <li>• Balance of payments: current account balance; FDI; hot money flows <i>But: current account relatively unimportant because other capital flows are much more significant</i></li> <li>• Macroeconomic management: e.g. quantitative easing has caused a depreciation in the value of some currencies <i>But: underlying strength of the economy may be more important than short term macroeconomic management</i></li> <li>• Allow analysis based on government/central bank manipulation of the exchange rate through the buying and selling of the currency</li> </ul> <p><i>Other evaluative comments include:</i></p> <ul style="list-style-type: none"> <li>• <i>Significance of factors in the short run and long run</i></li> <li>• <i>Prioritisation</i></li> </ul>	(20)
Level	Mark	Descriptor
Level 1	1-7	Identification of points which have limited relevance
Level 2	8-10	Typically, answers will consider 1 factor with 1 evaluative point or 2 points with no evaluation or list of several points with little analysis
Level 3	11-14	Typically, answers will consider 2 factors with 1 evaluative point or 3 points with no evaluation
Level 4	15-16	Typically, answers will consider 3 factors with 1 evaluative point
Level 5	17-20	Typically, answers will consider 3 factors with at least 2 evaluative points

Question No.	Answer	Mark
2(b)	<p>KAA: 21; Ev: 9</p> <p>Analysis might include:</p> <ul style="list-style-type: none"> <li>• Consideration of the effect on a country's import prices and exports prices and impact on price competitiveness <i>But: a depreciation in the exchange rate will not improve non-price competitiveness</i></li> <li>• Improvement in net exports <i>But: only true in the Marshall-Lerner condition is fulfilled i.e. sum of price elasticities of demand for imports and exports must be greater than 1</i> <i>Also: may only be true in the long run – J curve effect</i></li> <li>• Increase in aggregate demand: leading to higher living standards <i>But: other things may offset increase in AD e.g. fall in investment or in government expenditure</i></li> <li>• Reduction in unemployment if net exports increase <i>But may not happen if there is under-employment</i></li> <li>• Inflation: depreciation may cause a rise in cost of imported raw materials and finished goods <i>But: this will not be the case if firms cut profit margins or if productivity rises</i></li> </ul>	(30)
Level	Mark	Descriptor
Level 1	1-11	Identification of points which are largely irrelevant
Level 2	12-15	Typically, answers will consider 2 factors with 1 evaluative point or 3 points with no evaluation or list of several points with little analysis
Level 3	16-21	Typically, answers will consider 3 factors with 1 evaluative point or 4 points with no evaluation
Level 4	22-25	Typically, answers will consider 4 factors with 2 evaluative points
Level 5	26-30	Typically, answers will consider 4 factors with 3 evaluative points

Question No.	Answer	Mark
3(a)	<p>KAA: 14; Ev: 6</p> <p>Analysis might include consideration of:</p> <ul style="list-style-type: none"> <li>• Impact on domestic producers – increased output; higher producers' surplus</li> <li>• Impact on consumers – higher prices; lower consumers' surplus</li> <li>• Welfare losses; misallocation of resources</li> <li>• Impact on producers in other countries</li> <li>• Impact on world growth: decreased specialisation; lower output</li> <li>• Impact on the pattern of trade: trade creation and trade diversion</li> <li>• Impact on developing economies</li> </ul> <p><i>Evaluation:</i></p> <ul style="list-style-type: none"> <li>• <i>Effect on producers and consumers depends on PED &amp; PES</i></li> <li>• <i>Size of tariff</i></li> <li>• <i>Differential effect on producers in other countries depending on how important EU market is to them</i></li> <li>• <i>Effect on world growth partially offset by increased growth within EU</i></li> </ul>	(20)
Level	Mark	Descriptor
Level 1	1-7	Identification of points which are largely irrelevant
Level 2	8-10	Typically, answers will consider 1 factor with 1 evaluative point or 2 points with no evaluation or list of several points with little analysis
Level 3	11-14	Typically, answers will consider 2 factors with 1 evaluative point or 3 points with no evaluation
Level 4	15-16	Typically, answers will consider 3 factors with 1 evaluative point
Level 5	17-20	Typically, answers will consider 3 factors with at least 2 evaluative points

Question No.	Answer	Mark
3(b)	<p>KAA: 21; Ev: 9</p> <p>Effects include:</p> <ul style="list-style-type: none"> <li>• Pattern of trade: possibility that a smaller proportion of UK's trade will be with the EU and more with countries outside the EU <i>But: EU may wish to maintain favourable trading relationships with the UK. (The EU has a net trade surplus with the UK)</i></li> <li>• Balance of payments: UK runs a significant balance of trade deficit with the EU. This may fall. <i>But much will depend on PED and PES for exports and imports</i></li> <li>• FDI: this could decline without free access to the EU market <i>But: other factors may be more important in FDI decisions e.g. corporation tax rate; availability of skilled labour</i></li> <li>• Employment: could fall if export industries suffer <i>But: depends on how successful UK manufacturers are in developing new markets</i></li> <li>• Inflation: some goods become significantly cheaper e.g. food while others could become more expensive because they can no longer be imported freely from EU countries <i>But: food prices may be more unstable and food supplies may be less secure</i></li> <li>• Public finances: might improve because UK is a net contributor to the EU budget <i>But: may not do so if exit from the EU causes a rise in Unemployment</i></li> <li>• Impact on other EU countries e.g. on their growth rates; balance of payments</li> </ul>	(30)
Level	Mark	Descriptor
Level 1	1-11	Identification of points which have limited relevance
Level 2	12-15	Typically, answers will consider 2 factors with 1 evaluative point or 3 points with no evaluation or list of several points with little analysis
Level 3	16-21	Typically, answers will consider 3 factors with 1 evaluative point or 4 points with no evaluation
Level 4	22-25	Typically, answers will consider 4 factors with 2 evaluative points
Level 5	26-30	Typically, answers will consider 4 factors with 3 evaluative points

<b>Question No.</b>	<b>Answer</b>	<b>Mark</b>
<b>4(a)</b>	<p>Understanding of 'real' values (1)  Data shows fall in price level. (1)  Therefore, real debt burden is increasing (2)</p> <p>Application: specific reference to Figure 2 (2 marks).</p> <p>3 marks for knowledge (2 + 1 or 1 + 2) for interpretation/  impact on real debt burden  2 for application/i.e. 2 data references from Figure 2</p>	<b>(5)</b>
<b>Level</b>	<b>Mark</b>	<b>Descriptor</b>
<b>Level 1</b>	1-3	Up to 3 marks for knowledge – see above
<b>Level 2</b>	4-5	Up to 3 marks for knowledge and 2 marks for data references

Question No.	Answer	Mark
4(b)	<p>Knowledge: 2 marks for either of the following:</p> <p>The terms of trade is the average price of exports in relation to the average price of imports OR the rate at which exports exchange for imports.</p> <p>OR: Measurement: <math>\frac{\text{Index of export prices}}{\text{Index of import prices}} \times 100</math></p> <p>Application: specific reference to terms of trade in 2 years from Figure 4 (1 + 1).</p> <p>Analysis: 4 marks (2 + 2): Fall in terms of trade implies that:</p> <ul style="list-style-type: none"> <li>• More must be exported to gain a given quantity of imports</li> <li>• In turn, this might imply that living standards will fall</li> <li>• If caused by export prices falling relative to import prices,</li> <li>• then it implies that Japanese goods are becoming more competitive</li> </ul>	<b>(8)</b>
Level	Mark	Descriptor
Level 1	1-2	2 marks for identification (2 of the marks for definition or the formula)
Level 2	3-4	2 marks for identification; 2 for application (indicated above)
Level 3	5-8	2 marks for identification; 2 for application (indicated above) and 4 for analysis (other 2 marks for diagram and explanation)

Question No.	Answer	Mark
4(c)	<p>Measures include (3 + 3 marks – maximum 1 mark for identification):</p> <ul style="list-style-type: none"> <li>• Improved child care facilities <i>May take a significant length of time before new child care facilities could be established</i></li> <li>• Child care subsidies <i>But: cost implications for a country with a very high national debt</i></li> <li>• Child benefits <i>But: opportunity cost of having children may be very high</i></li> <li>• Improved career opportunities for women <i>Cultural factors might still restrict opportunities for women</i></li> <li>• Positive discrimination</li> </ul> <p><i>Evaluation: up to 4 marks: 2 + 2; 3 + 1</i></p>	(10)
Level	Mark	Descriptor
Level 1	1-3	1 mark for identification; 2 for basic application/analysis
Level 2	4-6	1 mark for identification; 5 for analysis of 2 issues.
Level 3	7-10	1 mark for identification; 5 for analysis of 2 issues; 4 marks for any 2 evaluative points (2 + 2; 1 + 3; or 3 + 1)

Question No.	Answer	Mark
4(d)	<p>Meaning of national debt: cumulative total of past government borrowing (2 marks)</p> <p>Implications include: (up to 5 marks; and 5 marks for evaluation):</p> <ul style="list-style-type: none"> <li>• Danger of loss of triple A credit rating and higher future borrowing costs <i>But: much of Japan's debt is financed internally</i></li> <li>• Opportunity cost associated with interest payments to service the national debt <i>But: interest rates very low so impact is limited</i></li> <li>• Possibility of inflation if country follows policies designed to reduce the real burden of the debt <i>But Japan currently suffering from deflation which is increasing the real debt burden</i></li> <li>• Crowding out: reduction in investment by the private sector if market interest rates increase <i>Other factors may be</i></li> <li>• Loss of confidence in the economy leading to a decrease in FDI</li> </ul>	(12)
Level	Mark	Descriptor
Level 1	1-2	2 marks for definition;
Level 2	3-7	2 marks for definition; 2 for application (points related to Japan); 3 for analysis of 2 implications
Level 3	8-12	2 marks for definition; 2 for application (points related to Japan); 3 for analysis of 2 implications; 5 marks for up to 3 evaluative points (2 + 3; or 3 + 2; or 2 + 2 + 1)

Question No.	Evaluate the likely economic effects of Japan's measures to stimulate its economy. Answer		Mark
4 (e)	<p>For knowledge, application and analysis: 3 x 3 marks or 4 + 5 marks, of which 2 marks are for use of data from the information provided)  <i>Marks for evaluation: (3+ 3; or 4 + 2; or 2 + 2 + 2)</i></p> <p>Effects of increase in inflation target and fiscal stimulus include:</p> <ul style="list-style-type: none"> <li>• Fall in value of the yen  <i>But: much will depend on expectations regarding the future state of the economy</i></li> <li>• Higher rate of inflation  <i>But: Japan has suffered from deflation for many years</i></li> <li>• Multiplier effect on GDP  <i>But: size of multiplier may be small</i></li> <li>• Increase in employment  <i>But: depends on whether the stimulus is successful in increasing economic growth</i></li> <li>• Impact on balance of payments: might improve if yen depreciates  <i>But: demand for some products e.g. food and energy is likely to be very price inelastic</i></li> <li>• Impact of public finances – could deteriorate in the short run  <i>But could improve in the long run if the policies cause an increase in economic growth</i></li> <li>• Analysis of impact on effects on the global economy: exports from other countries to Japan will now be less price competitive  <i>But: with rising economic growth, Japanese consumers might demand more imports</i></li> <li>• Consideration of how the stimulus is spent</li> </ul>		<b>(15)</b>
Level	Mark	Descriptor	
Level 1	1-4	2 marks for identification of 2 effects; 2 for application	
Level 2	5-9	2 marks for identification of 2 effects; 2 for application; 5 for analysis of at least 2 issues	
Level 3	10-15	2 marks for identification of 2 effects; 2 for application; 5 for analysis of at least 2 issues; 6 marks for up to 3 evaluative points (3 + 3; 4 + 2; or 2 + 4; or 2 + 2 + 2)	

<b>Question No.</b>	<b>Answer</b>	<b>Mark</b>
<b>5(a)</b>	<p>Absolute poverty: insufficient resources to meet basic needs e.g. food, shelter, water, clothing</p> <p>Measurement of absolute poverty: those living on less than \$1.25 a day (accept \$1 or \$2 a day)</p> <p>Relative poverty: those living below a certain income threshold in a country OR measurement of relative poverty: e.g. the % of the population living below 60% (accept 50%) of the median income.</p> <p>Application: Reference to example from Extract 1: e.g. level of absolute poverty has remained at 37-40% since 2001; 3 marks for knowledge (2 + 1 or 1 + 2) for definitions 2 for application/i.e. 2 data references</p>	<b>(5)</b>
<b>Level</b>	<b>Mark</b>	<b>Descriptor</b>
<b>Level 1</b>	1-3	Up to 3 marks for knowledge – see above
<b>Level 2</b>	4-5	Up to 3 marks for knowledge and 2 marks for 2 data references

Question no.	Answer	Mark
5(b)	<p><b>Lorenz curve diagram : 4 marks awarded as follows:</b>            Axis correctly labelled: 1 mark for income and population/households; 1 mark for cumulative %;            Line of income equality (45° line): 1 mark            Lorenz curve: 1 mark.</p> <div data-bbox="395 465 1294 1025" data-label="Figure"> </div> <p>Explanations: up to 2 marks for any one of the following:</p> <ul style="list-style-type: none"> <li>• Measurement of Gini coefficient:  <math>\text{Area A (between } 45^\circ \text{ line and Lorenz curve)} \div \text{Area A + B (whole area under } 45^\circ \text{ line)}</math></li> <li>• Increase in inequality because those in rural areas (75% of the total population) have remained poor whereas those in other sectors have seen large increases in their incomes</li> </ul> <p>Application: Specific data reference from extract            Or correctly indicating new Lorenz curve for 2007 further away from the original Lorenz curve (on diagram or as part of written answer) (2)</p> <p><i>NB. Credit 1 diagram mark if candidate identifies Lorenz Curve in their explanation rather than on the diagram</i></p>	<b>(8)</b>
Level	Mark	Descriptor
Level 1	1-2	2 marks for identification (2 of the marks for the diagram)
Level 2	3-4	2 marks for identification; 2 for application (indicated above)
Level 3	5-8	2 marks for identification; 2 for application and 4 for analysis (other 2 marks for diagram and explanation)

Question No.	Answer	Marks
5(c)	<p>Factors include (2+2 marks – maximum 1 mark for identification):</p> <ul style="list-style-type: none"> <li>• Employment: 80% of the workforce <i>But low wages, a reflection of low productivity</i></li> <li>• GDP: accounts for 25% <i>But resources might be more efficiently employed in other sectors; reference to Tanzania's comparative advantage</i></li> <li>• Balance of Payments on current account: agriculture accounts for 85% of its exports <i>But price fluctuations and extreme weather events mean that export earnings are volatile</i></li> <li>• Application: 2 marks for 2 specific data references <i>Evaluation: up to 4 marks: 2 + 2; 3 + 1</i></li> </ul>	(10)
Level	Mark	Descriptor
Level 1	1-3	1 mark for identification of 1 factor; 2 for application
Level 2	4-6	1 mark for identification of 1 factor; 2 for application; 3 for analysis of 2 factors.
Level 3	7-10	1 mark for identification of 1 factor; 2 for application (reference to 2 relevant examples of countries); 3 for analysis of 2 factors; 4 marks for any 2 evaluative points (2 + 2; 1 + 3; or 3 + 1)

Question No.	Answer	Marks
5(d)	<p>Potential benefits include (up to 5 marks; maximum 2 for identification only) and <i>5 marks for evaluation</i>:</p> <ul style="list-style-type: none"> <li>• FDI: TNCs might invest in hotels and infrastructure in order to promote development <i>But profits will be repatriated to shareholders of the TNCs</i></li> <li>• AD &amp; Economic growth: likely to increase as a result of FDI, increase in net exports <i>But may not be as significant as would be the case if the country developed manufacturing</i></li> <li>• Employment: tourism is a labour-intensive industry so many jobs may be created <i>But: jobs may be seasonal only; most jobs may be unskilled with high skilled jobs going to foreign employees of the TNCs</i></li> <li>• Balance of payments: inflows into the financial account (FDI); inflows into the current account (from tourists) <i>But: outflows because of need to import materials required for hotels and food for tourists</i></li> <li>• Tax revenues: increased revenues from higher incomes, profits and expenditure by tourists <i>But: TNCs may avoid paying taxes. Also, higher tax revenues may be required to pay for extra infrastructure and public services needed by tourists</i></li> <li>• Environment: tourism provides an incentive and the tax revenues to conserve the environment and cultural heritage of the country <i>But: tourists might cause external costs e.g. pollution</i></li> <li>• Demand for tourism likely to be income elastic so industry would prosper during a period of world economic growth</li> </ul>	(12)
Level	Mark	Descriptor
Level 1	1-2	2 marks for identification of 2 benefits;
Level 2	3-7	2 marks for identification of 2 benefits; 2 for application (e.g. reference to 2 relevant examples or references from Figure 4); 3 for analysis of 2 benefits
Level 3	8-12	2 marks for identification of 2 benefits; 2 for application (e.g. reference to 2 relevant examples or references from Figure 4); 3 for analysis of 2 benefits; 5 marks for up to 3 evaluative points (2 + 3; or 3 + 2; or 2 + 2 + 1)

Question No.	With reference to the information provided, evaluate factors which might act as constraints on economic development in Tanzania. Answer		Marks
5(e)	<p>For knowledge, application and analysis: 3 x 3 marks or 4 + 5 marks, of which 2 marks are for clear reference or definition of economic development) <i>Marks for evaluation: (3+ 3; or 4 + 2; or 2 + 2 + 2)</i></p> <p>Possible constraints include:</p> <ul style="list-style-type: none"> <li>• Relatively high rate of inflation which may cause uncertainty and deter investment e.g. in health services so limiting development <i>But: rate of inflation is falling and may not be a major issue in the near future</i></li> <li>• Increase in debt service ratio which may limit foreign currency available for buying imports of capital goods <i>But: forecasts may be inaccurate</i></li> <li>• Crowding out: higher debt service may cause market interest rates to increase. Therefore, less money available to improve health, education, housing</li> <li>• Falling investment <i>But Tanzania has potential for further growth which might encourage investment</i></li> <li>• Increasing trade deficit: might limit imports of goods important for development <i>But: depends on cause of deficit: imports of capital goods can stimulate growth and development</i></li> <li>• Increasing role of the government as a contributor to growth – may be inefficient and corrupt <i>But: if expenditure improves the supply side, then it could contribute to growth and development</i></li> <li>• Increasing population: could lead to lower GDP per capita; over-crowding <i>But: this provides the workforce and consumers of the future so may help to stimulate growth and development</i></li> <li>• Savings gap <i>But could be filled by FDI, aid</i></li> <li>• Lack of skilled workforce <i>But TNCs might import skilled labour</i></li> </ul>		(15)
Level	Mark	Descriptor	
Level 1	1-4	2 marks for identification of 2 factors; 2 for application (references relevant to Tanzania)	
Level 2	5-9	2 marks for identification of 2 factors; 2 for application; 5 for analysis of at least 2 factors	
Level 3	10-15	2 marks for identification of 2 factors; 2 for application; 5 for analysis of at least 2 factors; 6 marks for up to 3 evaluative points (3 + 3; 4 + 2; or 2 + 4; or 2 + 2 + 2 )	

## GUIDELINES FOR MARKING ESSAY QUESTIONS 6EC04

Level	Part (a) Questions: Performance Criteria for Mark base 20	
<b>Level 1</b>	1-7	<ul style="list-style-type: none"> <li>• Displays knowledge presented as facts without awareness of other viewpoints</li> <li>• Demonstrates limited understanding with little or no analysis</li> <li>• Attempts at selecting, applying, evaluating and presenting material which are irrelevant and unclear</li> <li>• None of the assessment objectives are covered satisfactorily</li> </ul> <p><i>Identification of points which are largely irrelevant</i></p>
<b>Level 2</b>	8-10	<ul style="list-style-type: none"> <li>• Displays elementary knowledge of well learnt economic facts showing a generalised understanding together with limited analysis i.e. identification of points or a very limited discussion</li> <li>• Displays a limited ability to select and apply different economic ideas</li> <li>• Evidence presented has a basic relevance</li> </ul> <p><i>Typically, answers will consider 1 factor with 1 evaluative point or 2 points with no evaluation or list of several points with little analysis</i></p>
<b>Level 3</b>	11-14	<ul style="list-style-type: none"> <li>• Displays knowledge and understanding of economic principles, concepts and theories as well as some analysis of issues i.e. answer might lack sufficient breadth and depth to be worthy of a higher mark</li> <li>• Shows some ability to apply economic ideas and relate them to economic problems</li> <li>• Employs different approaches to reach conclusions, presenting evidence with some relevance and coherence</li> </ul> <p><i>Typically, answers will consider 2 factors with 1 evaluative point or 3 points with no evaluation</i></p>
	11-12	<p>Award in this range for 2 factors and 1 evaluative comment (or 3 factors with no evaluation) which are <b>not</b> well developed/reasoned</p>
	13-14	<p>Award in this range for 2 factors and 1 evaluative comment (or 3 factors with no evaluation) which are well developed and reasoned</p>
<b>Level 4</b>	15-16	<ul style="list-style-type: none"> <li>• Displays a good knowledge of economic principles, concepts and theories together with an analysis of the issues involved</li> <li>• Demonstrates an ability to select and apply economic ideas and to relate them to economic problems</li> <li>• Evidence of some evaluation of alternative approaches leading to conclusions which are presented in a relevant and coherent way</li> </ul> <p><i>Typically, answers will consider 3 factors with 1 evaluative point</i></p>

<b>Level 5</b>	17-20	<ul style="list-style-type: none"> <li>• Displays a wide range of knowledge of economic principles, concepts and theories together with a rigorous analysis of issues</li> <li>• Demonstrates an outstanding ability to select and apply economic ideas to economic problems</li> <li>• Evaluation is well balanced and critical leading to valid conclusions</li> <li>• Material is presented in a relevant, clear and coherent way with evidence fully and reliably integrated</li> <li>• Excellence is displayed across all assessment objectives</li> </ul> <p><i>Typically, answers will consider 3 factors with 2 evaluative points</i></p>
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## GUIDELINES FOR MARKING ESSAY QUESTIONS 6EC04

Level	Part (b) Questions: Performance Criteria for Mark base 30	
<b>Level 1</b>	1-11	<ul style="list-style-type: none"> <li>• Displays knowledge presented as facts without awareness of other viewpoints</li> <li>• Demonstrates limited understanding with little or no analysis</li> <li>• Attempts at selecting, applying, evaluating and presenting material which are irrelevant and unclear</li> <li>• None of the assessment objectives are covered satisfactorily</li> </ul> <p><i>Identification of points which are largely irrelevant</i></p>
<b>Level 2</b>	12-15	<ul style="list-style-type: none"> <li>• Displays elementary knowledge of well learnt economic facts showing a generalised understanding together with limited analysis i.e. identification of points or a very limited discussion</li> <li>• Displays a limited ability to select and apply different economic ideas</li> <li>• Evidence presented has a basic relevance</li> </ul> <p><i>Typically, answers will consider 2 factors with 1 evaluative point or 3 points with no evaluation or list of several points with little analysis</i></p>
<b>Level 3</b>	16-21	<ul style="list-style-type: none"> <li>• Displays knowledge and understanding of economic principles, concepts and theories as well as some analysis of issues i.e. answer might lack sufficient breadth and depth to be worthy of a higher mark</li> <li>• Shows some ability to apply economic ideas and relate them to economic problems</li> <li>• Employs different approaches to reach conclusions, presenting evidence with some relevance and coherence</li> </ul> <p><i>Typically, answers will consider 3 factors with 1 evaluative point or 4 points with no evaluation</i></p>
	16-18	Award in this range for 3 factors and 1 evaluative comment (or 4 factors with no evaluation) which are <b>not</b> well developed/reasoned
	19-21	Award in this range for 3 factors and 1 evaluative comment (or 4 factors with no evaluation) which are well developed and reasoned
<b>Level 4</b>	22-25	<ul style="list-style-type: none"> <li>• Displays a good knowledge of economic principles, concepts and theories together with an analysis of the issues involved</li> <li>• Demonstrates an ability to select and apply economic ideas and to relate them to economic problems</li> <li>• Evidence of some evaluation of alternative approaches leading to conclusions which are presented in a relevant and coherent way</li> </ul> <p><i>Typically, answers will consider 4 factors with 2 evaluative points</i></p>

<b>Level 5</b>	26-30	<ul style="list-style-type: none"> <li>• Displays a wide range of knowledge of economic principles, concepts and theories together with a rigorous analysis of issues</li> <li>• Demonstrates an outstanding ability to select and apply economic ideas to economic problems</li> <li>• Evaluation is well balanced and critical leading to valid conclusions</li> <li>• Material is presented in a relevant, clear and coherent way with evidence fully and reliably integrated</li> <li>• Excellence is displayed across all assessment objectives</li> </ul> <p><i>Typically, answers will consider 4 factors with 3 evaluative points</i></p>
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