



Rewarding Learning

**ADVANCED
General Certificate of Education
2022**

Economics

Assessment Unit A2 2

assessing

Managing the Economy in a Global World

[AEC21]

MONDAY 6 JUNE, AFTERNOON

**MARK
SCHEME**

General Marking Instructions

This mark scheme is intended to ensure that the A2 examinations are marked consistently and fairly. The mark scheme provides examiners with an indication of the nature and range of candidate responses likely to be worthy of credit. It also sets out the criteria which they should apply in allocating marks to candidates' responses. The mark schemes should be read in conjunction with these general marking instructions which apply to all papers.

Quality of candidates' responses

In marking the examination paper, examiners will be looking for a quality of response reflecting the level of maturity which may reasonably be expected of 18-year-olds, which is the age at which the majority of candidates sit their A2 examinations.

Flexibility in marking

The mark scheme is not intended to be totally prescriptive. For many questions, there may be a number of equally legitimate responses and different methods by which the candidates may achieve good marks. No mark scheme can cover all the answers which candidates may produce. In the event of unanticipated answers, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners should seek the guidance of the Supervising Examiner for the paper concerned.

Positive marking

Examiners are encouraged to be positive in their marking, giving appropriate credit for valid responses rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected for 18-year-old candidates. Conversely, marks should only be awarded for valid responses and not given for an attempt which is completely incorrect and inappropriate.

Types of mark schemes

Mark schemes for questions which require candidates to respond in extended written form are marked on the basis of levels of response which take account of the quality of written communication. These questions are indicated on the cover of the examination paper. Other questions which require only short answers are marked on a point for point basis with marks awarded for each valid piece of information provided. Some material may be included in the mark scheme for the benefit of teachers and pupils preparing for future examinations. Candidates are not expected to have provided this information. Such material is printed in the mark scheme in italics.

Levels of response

Questions requiring candidates to respond in extended writing are marked in terms of levels of response. In deciding which level of response to award, examiners should look for the "best fit" bearing in mind that weakness in one area may be compensated for by strength in another. In deciding which mark within a particular level to award to any response, examiners are expected to use their professional judgement. The following guidance is provided to assist examiners.

Threshold performance: Response which just merits inclusion in the level and should be awarded a mark at or near the bottom of the range.

Intermediate performance: Response which clearly merits inclusion in the level and should be awarded a mark at or near the middle of the range.

High performance: Response which fully satisfies the level description and should be awarded a mark at or near the top of the range.

Marking calculations

In marking answers involving calculations, examiners should apply the “own figure rule” so that candidates are not penalised more than once for a computational error.

Quality of written communication

Quality of written communication is taken into account in assessing candidates’ responses to all questions that require them to respond in extended written form. These questions are marked on the basis of levels of response. The description for each level of response includes reference to the quality of written communication. Where the quality of candidates’ economics is not matched by the quality of written communication, marks awarded will not exceed the maximum for Level 2 in questions which have three levels of response or the maximum for Level 3 in those which have four levels of response.

For conciseness, quality of written communication is distinguished within levels of response as follows:

Level 1: Quality of written communication is limited.

Level 2: Quality of written communication is satisfactory.

Level 3: Quality of written communication is of a high standard.

Level 4: Quality of written communication is excellent.

In interpreting these level descriptions, examiners should refer to the more detailed guidance provided below:

Level 1 (Limited): The candidate makes only a limited attempt to select and use an appropriate form and style of writing. The organisation of material may lack clarity and coherence. There is little use of specialist vocabulary. Presentation, spelling, punctuation and grammar may be such that intended meaning is not clear.

Level 2 (Satisfactory): The candidate makes a reasonable attempt to select and use an appropriate form and style of writing, supported with appropriate use of diagrams as required. Relevant material is organised with some clarity and coherence. There is some use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are sufficiently competent to make meaning evident.

Level 3 (High Standard): The candidate successfully selects and uses an appropriate form and style of writing, supported with the effective use of diagrams where appropriate. Relevant material is organised with a high degree of clarity and coherence. There is widespread use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a sufficiently high standard to make meaning clear.

Level 4 (Excellent): The candidate successfully selects and uses the most appropriate form and style of writing, supported with precise and accurate use of diagrams where appropriate. Relevant material is extremely well organised with the highest degree of clarity and coherence. There is extensive and accurate use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of the highest standard and ensure that meaning is absolutely clear.

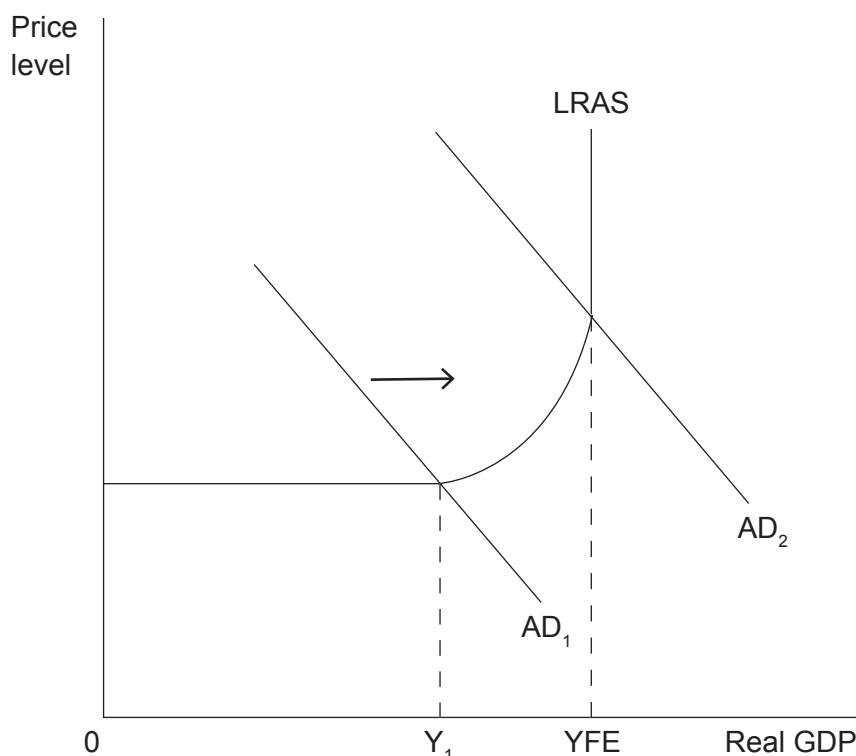
COVID-19 Context

Given the unprecedented circumstances presented by the COVID-19 public health crisis, senior examiners, under the instruction of CCEA awarding organisation, are required to train assistant examiners to apply the mark scheme in case of disrupted learning and lost teaching time. The interpretation and intended application of the mark scheme for this examination series will be communicated through the standardising meeting by the Chief or Principal Examiner and will be monitored through the supervision period. This paragraph will apply to examination series in 2021–2022 only.

Section A

			AVAILABLE MARKS
1	<p>For calculation of total output of pears as 6000 tonnes [2] For correct methodology (identification that Highland has a comparative advantage in pears) but error in calculation or presentation [1]</p>	[2]	2
2	<p>In economics, moral hazard occurs when someone increases their exposure to risk when they are insured against the risk or especially when someone else bears the cost of those risks. In the case of the financial system in the UK, some large banks may engage in risky investments because they believe if the investments turn bad the government will step in to bail them out since they are deemed “too big to fail”. This was the argument used to justify the financial support given to UK financial institutions in the wake of the 2008 financial crash.</p> <p>For accurate explanation of term moral hazard [2] For appropriate application to UK financial system [2]</p>	[4]	4
3	<p>Machinery and equipment has a PED of -1.2, which is the most elastic of those listed. This means that a 15% reduction in price is likely to cause an 18% increase in the quantity of machinery and equipment demanded.</p> <p>For accurate identification of machinery and equipment as the sector likely to benefit most [2] For appropriate explanation based on machinery and equipment having the highest PED and hence being the most responsive to the change in price [2]</p>	[4]	4
4	<p>(a) For calculation of primary income balance as $-\\$19.3\text{bn}$ [2] For correct methodology (current account balance minus the sum of the trade in goods, trade in services and secondary income balances) but error in calculation or presentation [1]</p>	[2]	
	<p>(b) For calculation of GDP as $\\$655\text{bn}$ [2] For correct methodology ($\\$39.3 \div 6 \times 100$) but error in calculation or presentation [1]</p>	[2]	4

- 5 Quantitative easing is a form of monetary policy whereby a central bank (ECB) buys predetermined amounts of government bonds or other financial assets in order to inject liquidity directly into the economy. This increase in liquidity should cause an increase in aggregate demand in Germany from AD₁ to AD₂ and therefore reduce the negative output gap experienced in the German economy.



Level 1 ([1]–[2])

A basic response provides an answer that demonstrates:

- Basic knowledge and understanding of relevant terminology, concepts, principles and models.
- Basic application of relevant economic principles, terminology, concepts and models to the context of the question; limited use of relevant data, and diagrams where relevant, to address the issues in the question.
- Basic analysis; may lack focus.
- A low quality of written communication.

Level 2 ([3]–[4])

A good response provides an answer that demonstrates:

- Good knowledge and understanding of relevant terminology, concepts, principles and models.
- Good application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used reasonably to address the issues in the question.
- Good analysis in relation to the impact on economic agents; analysis may not be developed fully or may have some inaccuracy at times.
- A good quality of written communication.

Level 3 ([5]–[6])

An excellent response provides an answer that demonstrates:

- Excellent accurate knowledge and understanding of relevant terminology, concepts, principles and models.
- Excellent application of relevant economic principles, terminology, concepts

and models to the context of the question; where relevant, data and diagrams are used effectively to address the issues in the question.

- Well focused, relevant analysis used accurately and appropriately in relation to the impact on economic agents.
- An excellent quality of written communication.

[6]

Section A

**AVAILABLE
MARKS**

6

20

Section B

AVAILABLE MARKS

6 (a) In Jan 2018 the yuan was trading at \$0.156. It initially increased in value reaching a high of \$0.159 in April 2018 before falling to a low of \$0.144 in October 2018. This represented a 9.43% decrease. The yuan then increased in value again reaching \$0.149 in March 2019 before falling again to \$0.140 in August 2019. From the beginning of 2018 to August 2019 the yuan fell by 10.26%.

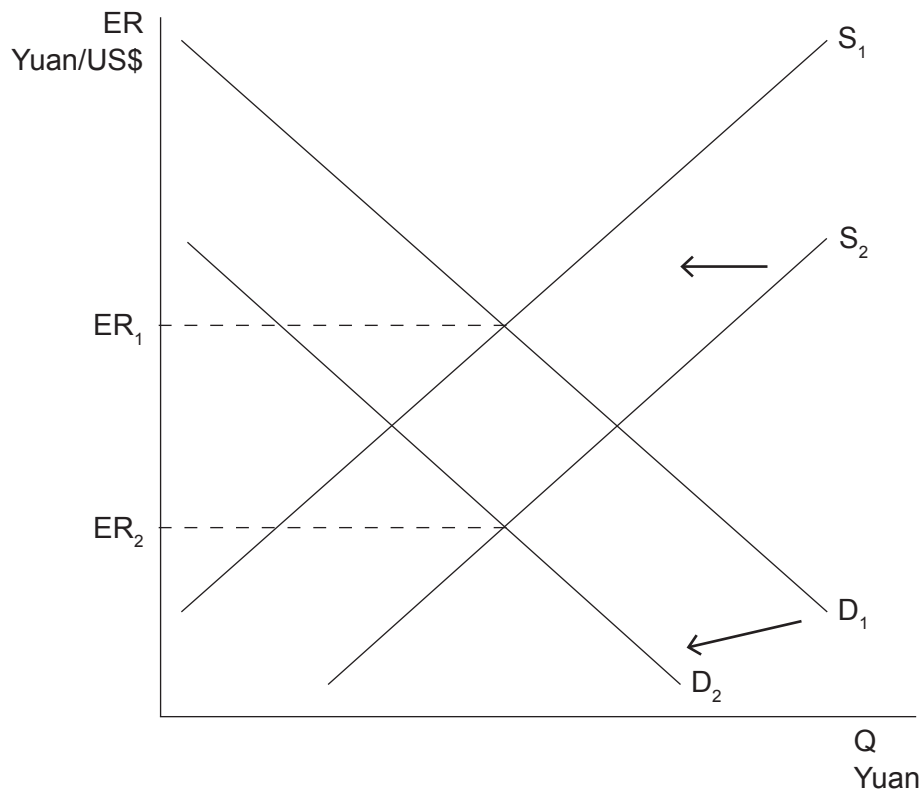
[2] for description of trends in absolute terms

[2] for appropriate manipulation of data

[4]

(b) A number of factors could explain the fall in the value of the yuan against the dollar since 2018:

- May be a reflection of direct intervention by the Chinese authorities who sell yuan to purchase dollars and hence increase the supply of yuan on the forex market
- May be a result of the increase in US interest rates since 2018 which attracts hot money into the US and hence increases the demand for dollars
- May be a result of strong growth in the US which would attract FDI and portfolio investment and hence increase demand for the dollar on the forex market
- The demand for the yuan may have decreased as investors look elsewhere for profit opportunities due to the 20% drop in the Chinese stock market
- May reflect the reduction in the demand for yuan as a result of a fall in demand for Chinese goods in the US after the imposition of tariffs



Level 1 ([1]–[3])

A basic response provides an answer that demonstrates:

- Basic knowledge and understanding of relevant terminology, concepts, principles and models.
- Basic application of relevant economic principles, terminology, concepts and models to the context of the question; limited use of relevant data, and diagrams where relevant, to address the issues in the question.
- Basic analysis; may lack focus.
- A low quality of written communication.

Level 2 ([4]–[6])

A good response provides an answer that demonstrates:

- Good knowledge and understanding of relevant terminology, concepts, principles and models.
- Good application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used reasonably to address the issues in the question.
- Good analysis in relation to the impact on economic agents; analysis may not be developed fully or may have some inaccuracy at times.
- A good quality of written communication.

Level 3 ([7]–[9])

An excellent response provides an answer that demonstrates:

- Excellent accurate knowledge and understanding of relevant terminology, concepts, principles and models.
- Excellent application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used effectively to address the issues in the question.
- Excellent, relevant analysis used accurately and appropriately in relation to the impact on economic agents.
- An excellent quality of written communication. [9]

- (c) The fall in the value of the yuan against the dollar is widely regarded as being detrimental to the US economy. The falling yuan makes US goods less competitive in China and Chinese goods more competitive in the US. This could widen the already significant trade deficit between the US and China.

This could in turn lead to a reduction in US aggregate demand and hence have negative impacts on employment and growth.

However the fall in the value of the yuan could benefit the US in a number of ways:

- US consumers could benefit as they could purchase Chinese imports at a lower price
- US firms could benefit from the ability to purchase materials and components from China at a lower price
- US firms which outsource production to China will see a fall in their wage bills when converted into dollars
- Strengthening dollar may attract portfolio investment into the US
- Strengthening dollar may make it easier for the US government to borrow money on international money markets

Issues for analysis and discussion include:

- Impact on US balance of payments accounts
- Impact on aggregate demand
- Impact on investment by US and foreign firms
- Possible impacts on FDI flows as Chinese workers appear more competitive
- Impact on economic growth
- Impact on inflation – demand pull and cost push
- Impact on distribution of income
- Impact on the purchasing power of US consumers
- Possible impact on foreign demand for US financial assets
- Appropriate examples
- Appropriate diagrams

Level 1 ([1]–[4])

A basic response provides an answer that demonstrates:

- Basic knowledge and understanding of relevant terminology, concepts, principles and models.
- Basic application of relevant economic principles, terminology, concepts, and models to the context of the question. Some limited use of data, and diagrams where relevant, in relation to the context of the question.
- Basic analysis; analysis may lack focus.
- Judgement(s) unsupported.
- A low quality of written communication.

Level 2 ([5]–[8])

A good response provides an answer that demonstrates:

- Good knowledge and understanding of relevant terminology, concepts, principles and models.
- Good application of relevant economic principles, terminology, concepts, and models to the context of the question; where relevant, some reasonable use of data and diagrams in relation to the context of the question.
- Good analysis in relation to the impact on economic agents; analysis may not be developed fully or may have inaccuracies at times.
- Reasonable judgement(s) building on analysis.
- A good quality of written communication.

Level 3 ([9]–[12])

An excellent response provides an answer that demonstrates:

- Excellent accurate knowledge and understanding of relevant terminology, concepts, principles and models.
- Excellent application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used effectively to address the issues in the question.
- Well focused, relevant analysis used accurately and appropriately in relation to the impact on economic agents.
- Informed judgements that directly address the issues in the question and reach clear conclusions built on analysis.
- An excellent quality of written communication.

[12]

- (d) There are a number of different actions the US government could take to deal with the fall in the value of the yuan. These include:
- Reduce the value of the dollar by cutting interest rates or selling dollars on the forex markets. This should make US goods more competitive and reduce the trade deficit. However this will only work if the Marshall Lerner condition is met
 - Increasing the tariffs on Chinese goods from 10% to 25% or more. This would make Chinese goods less competitive and reduce imports. However this could be inflationary and leads to a deadweight welfare loss
 - Provide subsidies to US firms most affected by Chinese competition to make them more competitive. However this is costly and involves an opportunity cost
 - Prohibit US financial institutions from investing in Chinese equity and bond markets and hence put pressure on the Chinese government to take action to reduce exports to the US
 - Prohibit US firms from trading or dealing with high profile Chinese firms, e.g. Huawei
 - Negotiate with the Chinese authorities to try and find a mutually beneficial trade agreement

Issues for analysis and discussion include:

- Reference to policies to reduce the value of the dollar against the yuan and their likely effectiveness
- Reference to tariffs and other trade barriers
- Reference to the provisions of government support to those industries most affected by the fall in competitiveness with China
- Reference to domestic legislation to limit US firms interactions with Chinese firms
- Discussion of impact and scope of possible retaliatory measures on US economy
- Discussion of possible currency war and the impact of any currency war on US economy
- Appropriate diagrams
- Historical context
- Relevant examples

Level 1 ([1]–[5])

A basic response provides an answer that demonstrates:

- Basic knowledge and understanding of relevant terminology, concepts, principles and models.
- Basic application of relevant economic principles, terminology, concepts, and models to the context of the question. Some limited use of data, and diagrams where relevant, in relation to the context of the question.
- Basic analysis; analysis may lack focus.
- Judgement(s) unsupported.
- A low quality of written communication.

Level 2 ([6]–[10])

A good response provides an answer that demonstrates:

- Good knowledge and understanding of relevant terminology, concepts, principles and models.
- Good application of relevant economic principles, terminology, concepts, and models to the context of the question; where relevant,

some reasonable use of data and diagrams in relation to the context of the question.

- Good analysis in relation to the impact on economic agents; analysis may not be developed fully or may have inaccuracies at times.
- Reasonable judgement(s) building on analysis.
- A good quality of written communication.

Level 3 ([11]–[15])

An excellent response provides an answer that demonstrates:

- Excellent accurate knowledge and understanding of relevant terminology, concepts, principles and models.
- Excellent application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used effectively to address the issues in the question.
- Well focused, relevant analysis used accurately and appropriately in relation to the impact on economic agents.
- Informed judgements that directly address the issues in the question and reach clear conclusions built on analysis.
- An excellent quality of written communication.

[15]

Section B

**AVAILABLE
MARKS**

40

40

- 7 The Turkish government are keen to join the EU as they believe that membership of the EU will bring significant economic, political and cultural benefits. These benefits include:
- Membership of the EU will allow Turkish firms unrestricted access to the large EU single market (some 500 million people)
 - This should allow these firms to benefit from significant economies of scale
 - The Turkish economy may be able to benefit from greater specialisation and trade based on comparative advantage
 - Membership of the EU may encourage greater inward FDI as firms are attracted to the lower labour costs
 - Turkey will also qualify for EU funding such as CAP, regional funding and transport funding which should improve Turkish infrastructure
 - Turkish workers will benefit from the opportunity to seek higher paid jobs in other parts of the EU
 - These workers may provide remittances which will benefit the Turkish economy
 - These migrant workers may also return to Turkey after a few years and bring with them skills, knowledge and ideas which will benefit the Turkish economy
 - Turkey's large population would give Turkey a strong voice in the EU parliament which would enable Turkey to have a direct influence on EU policies

However membership of the EU may bring with it significant costs or problems, for example:

- Migration by Turkish workers to other parts of the EU may rob Turkey of its young, educated and motivated workers which will reduce its human capital
- There are significant costs involved in Turkey meeting EU regulations in the areas such as the environment, worker's rights, trade policies and the harmonisation of regulations
- The experience of other low income countries that joined the EU would suggest that EU membership can lead to higher prices and house price bubbles as foreign investors flood the market looking for profit opportunities
- EU membership could lead to greater levels of competition for Turkish firms who may struggle to deal with the increased competition
- Joining the EU at this stage means that Turkey would have to commit to joining the euro at some future point – this involves significant costs and leads to a loss of sovereignty over monetary and exchange rate policy

Issues for analysis and discussion include:

- Potential impact of membership of EU on Turkish income, employment levels, inflation and trade position
- Impact of migration on Turkish economy – both long term and short term
- Cost of meeting EU regulations and the possibly that the Turkish government may not be successful in implementing the political reforms required by the EU
- Impact of EU membership on trade and Turkish firms
- Appropriate diagrams
- Historical context
- Relevant examples

Level 1 ([1]–[7])

A basic response provides an answer that demonstrates:

- Basic knowledge and understanding of relevant terminology, concepts, principles and models.
- Basic application of relevant economic principles, terminology, concepts, and models to the context of the question; some limited use of data, and diagrams where relevant, in relation to the context of the question.
- Basic analysis; analysis may lack focus.
- Judgement(s) unsupported.
- A low quality of written communication.

Level 2 ([8]–[15])

A reasonable response provides an answer that demonstrates:

- Reasonable knowledge and understanding of relevant terminology, concepts, principles and models.
- Reasonable application of relevant economic principles, terminology, concepts, and models to the context of the question; some reasonable use of data, and diagrams where relevant, in relation to the context of the question.
- Reasonable analysis in relation to the impact on economic agents; analysis may not be developed fully or may have inaccuracies at times.
- Reasonable judgement(s) building on analysis.
- A reasonable quality of written communication.

Level 3 ([16]–[23])

A good response provides an answer that demonstrates:

- Good knowledge and understanding of relevant terminology, concepts, principles and models.
- Good application of relevant economic principles, terminology, concepts, and models to the context of the question; some reasonable use of data, and diagrams where relevant, in relation to the context of the question.
- Good analysis in relation to the impact on economic agents; analysis may not be developed fully or may have inaccuracies at times.
- Reasonable judgement(s) building on analysis.
- A good quality of written communication.

Level 4 ([24]–[30])

An excellent response provides an answer that demonstrates:

- Excellent accurate knowledge and understanding of relevant terminology, concepts, principles and models.
- Excellent application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used effectively to address the issues in the question.
- Well focused, relevant analysis used accurately and appropriately in relation to the impact on economic agents.
- Informed judgements that directly address the issues in the question and reach clear conclusions built on analysis.
- An excellent quality of written communication. [30]

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- 8 Globalisation is the term used to describe the way in which markets across the world have become increasingly integrated. Supporters of globalisation argue that it has brought many benefits to MDC's and LDC's. These include:
- Globalisation has enabled consumers in MDC's and LDC's to purchase a wider range of goods and services than would be available in its absence. This increased choice has had a huge impact on consumer welfare
 - Globalisation has allowed greater levels of competition, which has helped to keep prices low for consumers particularly in MDC's. These lower prices have increased consumer surplus and led to lower levels of inflation. These lower levels of inflation have in turn helped to keep interest rates lower than would otherwise have been the case
 - Globalisation has allowed firms to off-shore production which has helped to reduce costs. These lower costs have improved profit margins for firms. The increased profits could also lead to higher levels of investment in both MDC's and LDC's and has created jobs particularly in low wage LDC's
 - Globalisation has provided a larger potential market for producers, and has allowed them to achieve the size necessary to avail of economies of scale. These economies of scale have in turn increased profit levels and helped to keep prices lower for all consumers
 - Globalisation has encouraged FDI which has created economic growth, jobs and tax revenues for the governments in both LDC's and MDC's
 - The increased mobility of labour and immigration that has resulted from globalisation has helped to keep wage rates low in MDC's, which in turn has reduced cost push pressures on inflation. It has also allowed firms particularly in MDC's to fill vacancies that citizens did not want or did not have the skills to do. At the same time economic migrants have been able to send money home
 - The globalisation of financial markets has allowed firms and consumers access to greater sources of funds and has kept interest rates low. This has encouraged both investment and consumption in LDC's and MDC's
 - Globalisation has brought many cultural benefits as citizens have had greater opportunities to travel and experience other cultures. This has been good for cultural diversity
 - Globalisation has contributed not only to the free movement of goods and labour but also the spread of ideas. This spread of information and ideas has in turn helped economic growth in both LDC's and MDC's as firms adopt the successful business practices of foreign firms

Despite the many advantages of globalisation some economic commentators remain unconvinced as to its benefits. They argue that globalisation has negatively impacted citizens in both LDC's and MDC's. They argue that:

- Globalisation has led to the closure of firms in MDC's, particularly in manufacturing, who cannot compete with firms in low wage countries. This in turn leads to lower levels of growth and employment
- Globalisation has been blamed for causing an increase in the share of GDP that goes to capital and a reduction in the share going to labour. This has in turn caused greater levels of income and wealth inequality both within nations and between nations
- Globalisation has led to a large trade imbalances which has promoted instability
- The off shoring by firms in MDC's and the migration of workers from LDC's to MDC's has led to higher levels of unemployment in MDC's as jobs are taken by foreign citizens
- This immigration has in turn led to problems with social cohesion and

- encouraged the rise of far right parties in MDC's
- Globalisation has had a detrimental impact on the environment as goods are shipped thousands of miles from production to market
- Globalisation has reduced the ability of governments to manage their macro economy. It is difficult for one government to set tax rates or interest rates which are significantly different from that of their trading partners
- Globalisation has encouraged the rapid spread of economic problems from one country to another, e.g. the credit crunch – started in USA but quickly spread to UK and other countries
- Globalisation has made it easier for firms to off-shore their profits for the purpose of tax evasion. This has reduced the revenue available to governments
- Globalisation has encouraged the spread of diseases, e.g. coronavirus
- Globalisation has reduced cultural identity and has led to cultural imperialism and the spread of American values

Issues for analysis and discussion include:

- Definition of globalisation
- Explanation of factors which have led to globalisation
- Impact of globalisation on consumers
- Impact of globalisation on firms
- Impact of globalisation on workers
- Impact of globalisation on governments
- Impact of globalisation on culture and traditions
- Appropriate examples
- Appropriate diagrams

Level 1 ([1]–[7])

A basic response provides an answer that demonstrates:

- Basic knowledge and understanding of relevant terminology, concepts, principles and models.
- Basic application of relevant economic principles, terminology, concepts, and models to the context of the question; some limited use of data, and diagrams where relevant, in relation to the context of the question.
- Basic analysis; analysis may lack focus.
- Judgement(s) unsupported.
- A low quality of written communication.

Level 2 ([8]–[15])

A reasonable response provides an answer that demonstrates:

- Reasonable knowledge and understanding of relevant terminology, concepts, principles and models.
- Reasonable application of relevant economic principles, terminology, concepts, and models to the context of the question; some reasonable use of data, and diagrams where relevant, in relation to the context of the question.
- Reasonable analysis in relation to the impact on economic agents; analysis may not be developed fully or may have inaccuracies at times.
- Reasonable judgement(s) building on analysis.
- A reasonable quality of written communication.

Level 3 ([16]–[23])

A good response provides an answer that demonstrates:

- Good knowledge and understanding of relevant terminology, concepts, principles and models.
- Good application of relevant economic principles, terminology, concepts, and models to the context of the question; some reasonable use of data, and diagrams where relevant, in relation to the context of the question.
- Good analysis in relation to the impact on economic agents; analysis may not be developed fully or may have inaccuracies at times.
- Reasonable judgement(s) building on analysis.
- A good quality of written communication.

Level 4 ([24]–[30])

An excellent response provides an answer that demonstrates:

- Excellent accurate knowledge and understanding of relevant terminology, concepts, principles and models.
- Excellent application of relevant economic principles, terminology, concepts and models to the context of the question; where relevant, data and diagrams are used effectively to address the issues in the question.
- Well focused, relevant analysis used accurately and appropriately in relation to the impact on economic agents.
- Informed judgements that directly address the issues in the question and reach clear conclusions built on analysis.
- An excellent quality of written communication.

[30]

Section C

Total

**AVAILABLE
MARKS**

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