



Mark Scheme (Results)

Summer 2025

Pearson Edexcel GCE A Level

In Economics A (9EC0)

Paper 2 The National and Global Economy

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Summer 2025

Question Paper Log Number P75685A

Publications Code 9EC0_02_2506_MS

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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.

Question Number	Answer	Mark
1(a)	<p>The only correct answer is B</p> <p><i>A is not correct because average incomes are higher in Pakistan than Morocco</i></p> <p><i>C is not correct because life expectancy is only part of the HDI measure</i></p> <p><i>D is not correct because GDP is per capita and not total</i></p>	(1)

Question Number	Answer	Mark
1(b)	<p>Knowledge 2, Application 1, Analysis 1</p> <p>Knowledge/understanding (2) e.g.</p> <ul style="list-style-type: none"> • Understanding of GDP (1) • Narrow measure (1) e.g. HDI a better measure (1) • Other factors affect living standards (1) such as education/healthcare (1) • Doesn't indicate inequality level in a country (1) so high level of GDP does not mean high living standards (1) • Doesn't consider environmental damage caused by output (1) e.g. pollution (1) • Doesn't take into account size of population (1) e.g. per capita a better measure (1) • Not adjusted for purchasing power (PPP/ Real) (1) e.g. better understanding of cost of living (1) • Ignores informal economy (1) which means GDP inaccurate (1) <p>Application (1) e.g.</p> <p>A correct reference to the figure e.g.</p> <ul style="list-style-type: none"> • Morocco's GDP per capita US\$3290.6 (1) • Pakistan's GDP per capita US\$1473.9 (1) • Morocco's GDP per capita is larger than Pakistan's(1) • Morocco's HDI is 0.683 (1) • Pakistan's GNI per capita is US\$4624 (1) <p>Analysis (1) e.g.</p> <p>Linked development 1 mark for e.g.</p> <ul style="list-style-type: none"> • A country may have a higher GDP but living standards may not be higher (1) • Better healthcare increases wellbeing (1) • Better quality environment increases a person's wellbeing (1) • Income inequality limits access to healthcare and education (1) 	(4)

Question Number	Answer	Mark
2(a)	<p>The only correct answer is B</p> <p><i>A is not correct because the current account is in deficit during the entire period shown</i></p> <p><i>C is not correct because the data isn't about the fiscal deficit</i></p> <p><i>D is not correct because the value of imports was greater than the value of exports in 2012</i></p>	(1)

Question Number	Answer	Mark
2(b)	<p>Knowledge 2, Application 1, Analysis 1</p> <p>Knowledge/understanding (2) e.g.</p> <ul style="list-style-type: none"> • Depreciation of the pound (1) leading to cheaper exports/more expensive imports (1) • Lower relative inflation rate in the UK compared to other countries (1) increasing competitiveness of UK's exports (1) • Increase in productivity in the UK (1) increasing competitiveness of UK's exports (1) • Global economic conditions (1) e.g. changing trade patterns (1) • Increased specialisation in services (1) reduces opportunity cost (1) <p>Application (1) e.g.</p> <p>A correct reference to the figure e.g.</p> <ul style="list-style-type: none"> • Largest deficit on the current account was in 2016 (1) • Smallest deficit on the current account was in 2021 (1) • Reduction in current account deficit (1) • Current account deficit fell by 4 percentage points from 2016 to 2021 (1) • Current account deficit in 2016 was approx. -5.5% of GDP (1) • Current account deficit in 2021 was approx. -1.5% of GDP (1) <p>Analysis (1) e.g.</p> <p>Linked development 1 mark for e.g.</p> <ul style="list-style-type: none"> • Increasing demand for exports (1) • Reducing demand for imports (1) • Value of exports rising (1) • Value of imports falling (1) 	(4)

Question Number	Answer	Mark
3(a)	<p>The only correct answer is C</p> <p><i>A is not correct because the economy grew fastest in quarter 1 2022</i></p> <p><i>B is not correct because a recession is 2 consecutive quarters of negative economic growth</i></p> <p><i>D is not correct because the data is GDP growth, not total GDP</i></p>	(1)

Question Number	Answer	Mark
3(b)(i)	<p style="text-align: center;">Knowledge 1, Analysis 1</p> <p>Identification of one likely disadvantage for 1 mark with linked development for 1 mark, e.g.</p> <ul style="list-style-type: none"> • Increase in unemployment (1) as there is less demand so firms will look to reduce their costs (1) • Increase in unemployment (1) due to a fall in derived demand for labour (1) • Lower wage growth or wage reduction (1) leading to a fall in living standards (1) • Lower wage growth or wage reduction (1) from consumers working less/firms making less profits (1) • Job insecurity (1) due to fall in AD (1) 	(2)

Question Number	Answer	Mark
3(b)(ii)	<p style="text-align: center;">Knowledge 1, Analysis 1</p> <p>Identification of one likely disadvantage for 1 mark with linked development for 1 mark, e.g.</p> <ul style="list-style-type: none"> • Reduction in tax revenue (1) as fewer people are likely to be working so less income tax (1) • Reduction in tax revenue (1) as consumers spend less (1) • Increase in expenditure on welfare payments (1) due to an increase in unemployment (1) • Worsened fiscal position (1) as firms are making less profits so less corporation tax (1) 	(2)

Question Number	Answer	Mark
4(a)	<p style="text-align: center;">Knowledge 2</p> <p>Explanation/formula of terms of trade, e.g.</p> <p>Terms of trade compares the average price of a country's exports to the average price of its imports (2)</p> <p><u>Index of average export prices</u> x 100 Index of average import prices</p> <p>Or</p> <p>$P_{\text{exports}}/P_{\text{imports}}$ (x 100) (2)</p> <p>Or</p> <p>How much (volume) imports (1) an economy can buy for a unit of export (1)</p> <p>1 mark for partially correct explanation e.g.</p> <p>comparing price of a country's imports & exports (1)</p> <p>measures international competitiveness (1)</p>	(2)

Question Number	Answer	Mark
4 (b)	<p>The only correct answer is C</p> <p><i>A is not correct because this is subtracting one number from another</i></p> <p><i>B is not correct because this is if you divide 12 by the value for 2020 instead of the value for 2012</i></p> <p><i>D is not correct because this is the value for 2020</i></p>	(1)

Question Number	Answer	Mark
4(c)	<p style="text-align: center;">Knowledge 1, Analysis 1</p> <p>Knowledge:</p> <ul style="list-style-type: none"> • Identification of a worsening of China's current account (1) <p>Analysis:</p> <p>Linked development 1 mark for e.g.</p> <ul style="list-style-type: none"> • As export prices are rising faster than import prices (1) • As export prices are falling slower than import prices (1) • As the terms of trade have improved (1) • Demand for (or revenue from) exports would be likely to fall (1) • Demand for (or spending on) imports would be likely to rise (1) 	(2)

Question Number	Answer	Mark
5(a)	<p style="text-align: center;">Application 2</p> <p>34.5m X 0.215 (1) = 7.42m (1)</p> <p>Answer= 7.42m (2)</p> <p>N.B. Award full marks for correct answer Allow range 7.4m to 7.42m</p> <p>N.B. 1 mark if missing millions</p> <p>Or</p> <p>Answer = 0 (2)</p> <p>2 marks for zero as inactive not in labour force.</p> <p>Or</p> <p>Labour Force = Economically active.</p> <p>Work out the numerical value of those inactive</p> <p>The numerical value of the 'Labour Force' is 34.5 million, this equates to 100% - 21.5% = 78.5%.</p> <p>Work out what 21.5% is, if 78.5% = 34.5 million (1)</p> <p>To find out what 21.5% is when 78.5% equals 34.5 million</p> <ol style="list-style-type: none"> 1. Calculate the total population: $34.5 / 0.785 = 43.95$ million 2. Calculate 21.5% of the total population: $43.95 \text{ million} \times 0.215 = \mathbf{9.45 \text{ million (2)}}$ <p>N.B. Allow range 9.4m to 9.5m</p> <p>N.B. 1 mark if missing millions</p>	(2)

Question Number	Answer	Mark
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5(b)	<p style="text-align: center;">Knowledge 1 Analysis 1</p> <p>Knowledge/understanding (1): 1 mark for e.g.:</p> <ul style="list-style-type: none"> • Increase in number of people waiting for medical treatment (1) • Caring for sick relatives (1) • Long-term sickness (1) • Increase in value attached to leisure time (1) • Early retirement (1) • Expensive childcare cost (1) <p>Analysis (1) e.g. Linked development 1 mark for e.g.</p> <ul style="list-style-type: none"> • Therefore people are unable to work due to illness (1) • Therefore number of people in labour force falls (1) • Therefore stay at home to look after children (1) • Therefore not actively seeking work (1) 	(2)
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Question Number	Answer	Mark
5(c)	<p>The only correct answer is B</p> <p><i>A is not correct because an increase in employment would be likely to cause inflation, not deflation</i></p> <p><i>C is not correct because an increase in employment would be likely to reduce absolute poverty</i></p> <p><i>D is not correct because an increase in employment would be likely to increase economic growth</i></p>	(1)

Question Number	Answer	Mark
6(a)	<p style="text-align: center;">Knowledge 2, Application 2, Analysis 1</p> <p>Knowledge/Analysis: Up to 3 marks for, e.g.</p> <ul style="list-style-type: none"> • Direct taxes are taxes on income/profit (1) • Direct taxes are paid directly by the payer to the government (1) • Direct taxes are progressive taxes (1) • Indirect taxes are taxes on consumption/ expenditure of goods and services (1) • Indirect taxes are paid to the government by suppliers of products (1) • Indirect taxes can be passed on to consumers (1) • Indirect taxes are regressive taxes (1) • Indirect taxes used to reduce negative externalities (1) <p>Application (2): Up to 2 marks for reference to Figure 1, e.g.</p> <ul style="list-style-type: none"> • income taxes are direct taxes (1) • corporation tax is an direct tax(1) • VAT is an indirect tax (1) • Tobacco duty is an indirect tax (1) <p>NB: There needs to be a reference to both types of taxes; otherwise maximum 2 marks for Knowledge and Analysis.</p>	(5)

Question Number	Answer	Mark
6(b)	<p style="text-align: center;">Knowledge 2, Application 2, Analysis2, Evaluation 2</p> <p>Knowledge/Understanding: Two relevant factors identified (1+1), e.g.</p> <ul style="list-style-type: none"> • Regulations • Over-reliance on gas imports • Labour market shortages • Technological issues • Costs of raw materials/energy/infrastructure projects • Change in exchange rates • Change in tax rates • Increase in wages • Business confidence <p>Analysis: Linked development of each cause (1+1), e.g.:</p> <ul style="list-style-type: none"> • It takes a very long time for constructions projects to complete (1) • Higher prices/shortage of gas reduce firms' ability to produce (1) • Firms are unable to produce as much as they lack the workers they need (1) • Technological constraints reduce productivity / drives up cost (1) • Labour market inflexibility/shortages drives up wage cost (1) • SRAS/AD diagram/ SRAS shifts in (1) • Depreciation of the Euro causes import prices of raw materials/capital equipment to rise (1) <p>Application: 2 marks (1+1) for reference to Extract A/own knowledge, e.g.</p> <ul style="list-style-type: none"> • 'lengthy planning procedures' (1) • 'short of up to 7 million workers by 2035' (1) • 'ageing population' (1) • 'lack of skilled workers' (1) • 'excessive bureaucracy' (1) • 'lack of technological advances' (1) • 'volatile global energy prices' (1) • 'fossil fuels such as coal and gas still provide 75% of energy needs' (1) • 'weakening euro' (1) • 'higher interest rates in the USA compared to the Eurozone' (1) • 'The German economy entered a recession in 2023' (1) 	

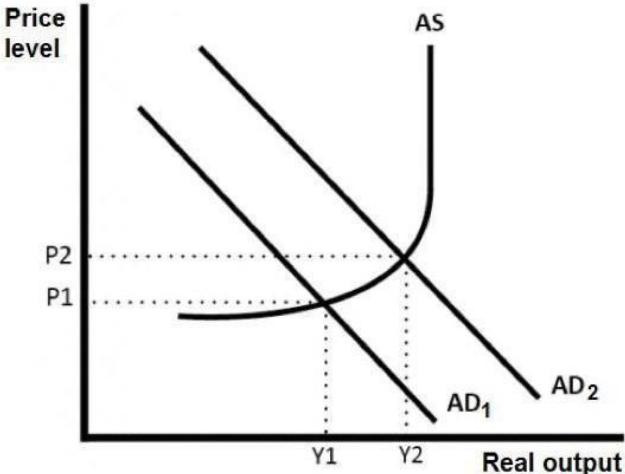
	<ul style="list-style-type: none"> • 'business confidence in the economy fell at the fastest pace since 2021' (1) <p>Evaluation: 2 marks for two evaluative comments OR 2 marks for identification and linked development of one comment (1+1), e.g.</p> <ul style="list-style-type: none"> • German government has plans in place to reform the economy • German government planning large-scale expansion of renewable energy projects • Increased immigration can help to address the problem of an ageing population • A combination of factors that affect SRAS and it's not possible to focus on just one as the main factor • Short run vs long run - significance of factors change over time • Relative significance of points 	(8)
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Question Number	Indicative Content	Mark
6(c)	<p>Knowledge 2, Application 2, Analysis 2</p> <p>Likely macroeconomic effects include:</p> <ul style="list-style-type: none"> • Expansionary fiscal policy from the German government which will increase economic growth • Contractionary fiscal policy response to budget deficit • Increase in size of Germany's national debt • Interest rates may increase for German government bonds, increasing cost of servicing the debt for the government • Crowding out may occur as German government borrowing increases, reducing investment from private-sector firms • Increased government spending on supply-side policies such as improving infrastructure may shift out the aggregate supply • Increase in injections into the circular flow of income increasing AD • Increase in inflationary pressures • Downward pressure on external value/ER of Euro • Possible downgrading of credit rating 	(6)

Level	Mark	
	0	A completely inaccurate response.
Level 1	1–2	Displays isolated or imprecise knowledge and understanding of terms, concepts, theories and models. Use of generic or irrelevant information or examples. Descriptive approach which has no link between causes and consequences.
Level 2	3–4	Displays elements of knowledge and understanding of economic principles, concepts and theories. Applies economic ideas and relates them to economic problems in context, although does not focus on the broad elements of the question. A narrow response or the answer may lack balance.
Level 3	5–6	Demonstrates accurate knowledge and understanding of the concepts, principles and models. Ability to link knowledge and understanding in context using relevant and focused examples which are fully integrated. Economic ideas are applied appropriately to the broad elements of the question.

Question Number	Indicative Content	Mark
6(c) continued	<p style="text-align: center;">Evaluation 4</p> <ul style="list-style-type: none"> • Expansionary fiscal policy can damage the economy by increasing inflation • In the long term, the German government will need to look at paying off the debt it is currently accumulating, which may lead to higher taxes in the future • German government debt is still a relatively low amount compared to other OECD countries, below the OECD average, and so this should not have a significant effect on the German economy • Budget surplus in previous years will limit the negative impact of the increased government spending • Crowding out not an issue if growth slowing or in recession • Possibility of crowding in • Depends on German government's cost of borrowing • Depends on relative sizes of structural and cyclical budget deficit • Opportunity cost of national debt servicing e.g. reduction in spending on supply-side policies • Growth could slow if the government tightens fiscal policy in response 	(4)

Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1–2	Identification of generic evaluative comments without supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	3–4	Evaluative comments supported by relevant reasoning and appropriate reference to context. Evaluation recognises different viewpoints and/or is critical of the evidence.

Question Number	Indicative Content	Mark
6(d)	<p>Knowledge 2, Application 2, Analysis 4</p> <p>Potential impact could include:</p> <ul style="list-style-type: none"> • The Intel semiconductor factory is an investment into the German economy • Investment could increase other components of AD • Investment is a component of aggregate demand, where $AD = C + I + G + (X - M)$ • Greater injections into the circular flow of income • Increase in investment will increase aggregate demand, shifting it out to the right • Increase in economic growth • Lower unemployment/more employment can e.g. increase consumption • Positive multiplier effects • Increase in inflation • 'Intel to double its investment in semiconductor factories in eastern Germany to 30 billion Euros' • 'largest foreign direct investment' • 'Intel acquired land for the factories' • 'expected to create 7000 construction jobs' • '3000 permanent high-tech jobs and tens of thousands of additional jobs'  <p>NB: For a Level 3 answer candidates must draw a correct AD/AS diagram showing an increase in AD</p>	(8)

Level	Mark	Descriptor
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	0	A completely inaccurate response.
Level 1	1–2	Displays isolated or imprecise knowledge and understanding of terms, concepts, theories and models. Use of generic or irrelevant information or examples. Descriptive approach which has no chains of reasoning or links between causes and consequences.
Level 2	3–5	Displays elements of knowledge and understanding of economic principles, concepts and theories. Applies economic ideas and relates them to economic problems in context, although does not focus on the broad elements of the question. A narrow response; chains of reasoning are developed but the answer may lack balance.
Level 3	6–8	Demonstrates accurate knowledge and understanding of the concepts, principles and models. Ability to link knowledge and understanding in context using relevant and focused examples which are fully integrated. Economic ideas are carefully selected and applied appropriately to economic issues and problems. The answer demonstrates logical and coherent chains of reasoning.

Question Number	Indicative Content	Mark
6(d) continued	<p style="text-align: center;">Evaluation 4</p> <ul style="list-style-type: none"> • Investment in new high-tech manufacturing is likely to take a long time (time lags and implementation lags) to have an impact on the economy because of planning regulations, construction time, etc. • Germany has a shortage of workers which may hold up construction or cause the factory to be unable to operate at full capacity • German manufacturing may struggle to compete with more established manufacturing firms in Asia • Depends on other factors affecting level of business confidence in Germany • Impact on economic growth/employment/inflation depends on where the AD lies on the Keynesian LRAS/the level of spare capacity in the economy • 30bn euros is significant • Depends on multiplier size • Other components of AD might change • Depends on whether capital goods were imported 	(4)

Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1–2	Identification of generic evaluative comments without supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	3–4	Evaluative comments supported by relevant reasoning and appropriate reference to context. Evaluation recognises different viewpoints and/or is critical of the evidence.

Question Number	Indicative content	Mark
6(e)	<p style="text-align: center;">Knowledge 3, Application 3, Analysis 3</p> <p>Potential policies include:</p> <ul style="list-style-type: none"> • Reform of planning regulations/reducing bureaucracy so that construction of new infrastructure such as wind farms can be sped up • Labour market reforms such as making it easier to hire and fire workers or reducing the power of trade unions in order to increase productivity of firms • Investment in education to improve skill level of future workforce so they are more able to take on jobs where firms are currently struggling to fill vacancies • Investment into healthcare to ensure people aren't unable to work due to waiting for treatments • Increase in immigration to attract more workers to fill shortages • Improvements in transport infrastructure so workers can travel further to access jobs or firms can export their goods quicker/cheaper • Cut corporation tax to stimulate investment in e.g. tech sectors • Privatisation of infrastructure 	(9)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–3	Displays isolated or imprecise knowledge and understanding of terms, concepts, theories and models. Use of generic or irrelevant information or examples. Descriptive approach which has no chains of reasoning or links between causes and consequences.
Level 2	4–6	Displays elements of knowledge and understanding of economic principles, concepts and theories. Applies economic ideas and relates them to economic problems in context, although does not focus on the broad elements of the question. A narrow response; chains of reasoning are developed but the answer may lack balance.
Level 3	7–9	Demonstrates accurate knowledge and understanding of the concepts, principles and models. Ability to link knowledge and understanding in context using relevant and focused examples which are fully integrated. Economic ideas are carefully selected and applied appropriately to economic issues and problems. The answer demonstrates logical and coherent chains of reasoning.

Question Number	Indicative content	Mark
6(e) continued	<p style="text-align: center;">Evaluation 6</p> <ul style="list-style-type: none"> Reforming planning rules may be complicated and take a long time for new laws to get passed by the state and local governments Improved education won't have an effect until those students have completed their education and entered the workforce Opportunity cost for the government of large amounts of spending on education/healthcare/infrastructure Will need to attract migrants with the right skills to fill the shortages in the labour market otherwise it won't solve the problem Impact on government's budget position and national debt – reference to crowding out Depends on how well supply-side policies are targeted 	(6)

Level	Mark	Descriptor
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	0	No evaluative comments.
Level 1	1–2	Identification of generic evaluative comments without supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	3–4	Evidence of evaluation of alternative approaches which is unbalanced. Evaluative comments with supporting evidence/reference to context and a partially-developed chain of reasoning.
Level 3	5–6	Evaluative comments supported by relevant chain of reasoning and appropriate reference to context. Evaluation recognises different viewpoints and/or is critical of the evidence.

Question Number	Indicative content	Mark
7	<p style="text-align: center;">Knowledge 4, Application 4, Analysis 8, Evaluation 9</p> <p>Possible conflicts include:</p> <ul style="list-style-type: none"> • Lower growth: e.g. increases in interest rates would encourage saving and discourage borrowing, reducing injections into the circular flow • Higher unemployment/Short-Run Phillips Curve analysis: if firms see reduced demand from consumers due to contractionary policies then they are likely to reduce the number of workers, increasing unemployment • Worsens trade balance: higher interest rates attract hot money inflows, strengthening exchange rate • Widens inequality: higher income households gain from higher interest on savings and lower income households bear a higher interest burden on debt or higher taxes/less government support for welfare payments could increase inequality • Increases fiscal burden: higher cost of servicing national debt • Damage to the environment as government spending is cut on projects to achieve environmental objectives <p>NB: Allow all relevant government and central bank policies</p> <p>NB: Expansionary monetary and fiscal policies also allowed to control inflation.</p> <p>Evaluation of these conflicts could include:</p> <ul style="list-style-type: none"> • Once inflation has reduced then contractionary policies can be reversed so this is only a short-term impact on other objectives • Investment in infrastructure in the long term will increase the productivity of the UK economy and reduce inflation in the long term • Inflation is mainly caused by cost-push rather than demand-pull factors so the government/Bank of England need to limit use of demand-side policies as they are unlikely to be very effective • Higher progressive taxes could help to reduce inequality as well as being contractionary in nature to help reduce inflation • Monetary policy has a time lag of approximately 18-24 months • Conflicts moderated as policies to control inflation seen as successful • Conflicts avoided if supply-side policies take effect • Limitations of Phillips Curve analysis 	(25)

Knowledge, application and analysis		
Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–4	Displays isolated or imprecise knowledge and understanding of terms, concepts, theories and models. Use of generic or irrelevant information or examples. Descriptive approach which has no chains of reasoning or links between causes and consequences.
Level 2	5–8	Displays elements of knowledge and understanding of economic principles, concepts and theories. Applies economic ideas and relates them to economic problems in context, although does not focus on the broad elements of the question. A narrow response or superficial, two stage chains of reasoning only.
Level 3	9–12	Demonstrates accurate knowledge and understanding of the concepts, principles and models. Ability to apply economic concepts and relate them directly to the broad elements of the question with evidence integrated into the answer. Analysis is clear and coherent, although it may lack balance. Chains of reasoning are developed but the answer may lack balance.
Level 4	13–16	Demonstrates precise knowledge and understanding of the concepts, principles and models. Ability to link knowledge and understanding in context using appropriate examples. Analysis is relevant and focused with evidence fully and reliably integrated. Economic ideas are carefully selected and applied appropriately to economic issues and problems. The answer demonstrates logical and coherent chains of reasoning.

Evaluation		
Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1–3	Identification of generic evaluative comments without supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches which is unbalanced leading to unsubstantiated judgements. Evaluative comments with supporting evidence/reference to context and a partially-developed chain of reasoning.
Level 3	7–9	Evaluative comments supported by relevant reasoning and appropriate reference to context. Evaluation recognises different viewpoints and is critical of the evidence provided and/or the assumptions underlying the analysis enabling informed judgements to be made.

Question Number	Indicative content	Mark
8	<p style="text-align: center;">Knowledge 4, Application 4, Analysis 8, Evaluation 9</p> <p>Possible factors may include:</p> <ul style="list-style-type: none"> • Primary product dependency holds back an economy's growth due to volatility of prices making it difficult to invest/plan ahead • A lack of savings in an economy means there is only a very limited supply of money for banks to lend out to firms for investment, limiting development – may refer to the Harrod-Domar model (savings gap) • Lack of education means that people in an economy lack skills to take on advanced and higher-paying jobs, trapping people in low-income jobs • Lack of infrastructure such as power supplies, water, internet will make it more difficult for firms to develop and grow in order to develop the economy and hence increase employment • Lack of healthcare will limit size of potential workforce as many people are ill/waiting for healthcare and so unable to work • Demographic factors e.g. population growth leads to greater supply of labour and hence lower wages • Lack of access to credit and banking • Exchange rates • Possible corruption • Vulnerable to natural disasters/civil war and conflicts • Opportunity cost of debt repayment • Lack of effective policies to promote development <p>NB: Maximum Level 3 KAA if there is no reference to development</p> <p>NB: Maximum Level 3 KAA if there is no reference to a developing country</p> <p>Evaluative comments may include:</p> <ul style="list-style-type: none"> • If a country has comparative advantage in a primary product then it may be beneficial for them to focus on that industry to develop their economy and import products the economy is less suited for producing • Savings gap could be filled by aid, FDI, debt relief, microfinance, borrowing from IMF/World Bank. • Banking is becoming more accessible as use of mobile phones and banking apps become more widespread • Spending by government/aid organisations can help 	

	<p>to improve education/infrastructure over time</p> <ul style="list-style-type: none"> • If an economy is largely agricultural then high levels of education may not be necessary in order for people to develop the skills needed • Demographic factors: population growth means more workers are available to produce goods/services, so output may increase faster than population, therefore increasing per capita incomes • Combination of factors – it is not likely to be one factor that is holding a country back and these are often interconnected e.g. lack of educated workforce means an economy isn't able to diversify away from primary products • Forward markets reduce risk and instability from primary product price volatility. Business confidence rises and investment becomes more likely 	(25)
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Knowledge, application and analysis		
Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–4	Displays isolated or imprecise knowledge and understanding of terms, concepts, theories and models. Use of generic or irrelevant information or examples. Descriptive approach which has no chains of reasoning or links between causes and consequences.
Level 2	5–8	Displays elements of knowledge and understanding of economic principles, concepts and theories. Applies economic ideas and relates them to economic problems in context, although does not focus on the broad elements of the question. A narrow response or superficial, two stage chains of reasoning only.
Level 3	9–12	Demonstrates accurate knowledge and understanding of the concepts, principles and models. Ability to apply economic concepts and relate them directly to the broad elements of the question with evidence integrated into the answer. Analysis is clear and coherent, although it may lack balance. Chains of reasoning are developed but the answer may lack balance.

Level 4	13–16	Demonstrates precise knowledge and understanding of the concepts, principles and models. Ability to link knowledge and understanding in context using appropriate examples. Analysis is relevant and focused with evidence fully and reliably integrated. Economic ideas are carefully selected and applied appropriately to economic issues and problems. The answer demonstrates logical and coherent chains of reasoning.
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Evaluation		
Level	Mark	Descriptor
	0	No evaluative comments.
Level 1	1–3	Identification of generic evaluative comments without supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches which is unbalanced leading to unsubstantiated judgements. Evaluative comments with supporting evidence/reference to context and a partially developed chain of reasoning.
Level 3	7–9	Evaluative comments supported by relevant reasoning and appropriate reference to context. Evaluation recognises different viewpoints and is critical of the evidence provided and/or the assumptions underlying the analysis enabling informed judgements to be made.