MARKSCHEME

May 1999

ECONOMICS

Standard Level

Paper 2

15 pages

Section A - Data Response Questions - Paper Specific Markscheme

		Partial Mark	Maximum Mark

1. **(a)** Study the data and answer the questions that follow.
(i) oil shock (paragraph 4)
(ii) privatising (paragraph 7)

Acceptable definitions to the effect of

			Partial Mark	Maximum Mark
(a)	(i)	sudden exogenous change in supply and price		2
	(ii)	converting public assets to private		2

(b) Using supply and demand diagrams, analyse and explain the following statements
(i) "That stockpile might have been precious in a crisis" (paragraph 1).
(ii) "Efforts to find substitute fuels continue... but... rising demand will outstrip all of these efforts as the economy grows" (paragraph 3).

(b) **(i)** Suitable diagram and explanation.

			Partial Mark	Maximum Mark
		Use of suitable diagram:	2	
		Supply shifts left (due to crisis), then shifts right (stockpiles released). Both shifts required for full marks but be open to alternative, valid diagrams.	3	4

(b) **(ii)** Suitable diagram and explanation.

			Partial Mark	Maximum Mark
			3	
		Use of suitable diagram		
		Explanation: demand shifts left (substitutes developed) then right again (higher income). Again both shifts required for full marks, but be open to alternative, valid diagrams.	4	6

(c) Give two possible reasons why domestic crude oil production decreased, but the oil companies delivered 2.8% more fuel to their customers (paragraph 2).

		Partial Mark	Maximum Mark
(c)	More efficient production techniques	3	
	Use of imported oil	3	
	Another plausible reason	2	4

	Partial Mark	Maximum Mark

(d) On the basis of the information in the text, would you advise the U.S.A. government to encourage further oil production, or adopt an alternative policy? Justify your answer.

(d) Among the issues that could be raised are:
Need to safeguard raw material supplies; dangers of dependence on foreign countries;
inflationary/deflationary effects of oil stocks.
Alternative policies: new products, alternative fuels.
Better candidates might draw attention to social costs and/or the positive aspects of independence.

Level 1:	little or no useful or interesting discussion.	**0-1**	
Level 2:	some issues raised but little use of data.	**2-3**	
Level 3:	several issues with use of data.	**4-5**	
Level 4:	several issues, use of data, some evaluation.	**6-7**	**7**

2. Define the following terms from box 1
(a) **(i)** Economic growth.
(ii) Transitional economics.

(a)	(i)	Rise in productive potential.	2	
		PPF moves to the right.	2	
		Rise in real GDP.	2	**2**
	(ii)	Transition between a command economy and a free market/mixed economy.	2	**2**

	Partial Mark	Maximum Mark

(d) Are citizens of high growth countries necessarily better off than citizens of low growth countries?

(d) Issues which could be raised include:
Recognition that fast growth does not mean higher living standards, countries start from a different 'base'.
Uses the data from box 3 *e.g.* Vietnam v Switzerland.   3

The following includes some of the other points which could be discussed:
- recognition that % rate of growth does not measure the living standards of a nation
- average wage, or HDI
- GDP per head
- purchasing power parity
- income distribution
- importance of human development
- composition of output
- unpaid work
- externalities

Level 0: no valid issues raised.
Level 1: some issues identified, inadequate discussion.   0
Level 2: several issues raised, adequate discussion.   1-2
Level 3: major issues with good discussion.   3-4
                                                      5-7   7

Section B Essays: Paper-Specific Guidance

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

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

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

3. **(a)** Define price 'elasticity of demand' and explain how it is measured.   *[8 marks]*

(b) With the use of examples, explain why some products have a low price elasticity while others have a high elasticity.   *[8 marks]*

(c) If you were employed as an economist by a business, explain why a knowledge of the price elasticity of demand of your product would be useful.   *[9 marks]*

The question moves from definitions to applications, so we can expect discrimination with the marks being more difficult to earn as candidates move through (a), (b) and (c).

In (b) reserve some marks for candidates who rise above the obvious 'addictive', 'luxury/necessity' goods. Candidates who discuss thoroughly the effect of substitutes and real income effects can obtain all the available marks in this section.

4. **(a)** What are the costs of a high rate of inflation?   *[12 marks]*
(b) What policies are effective in reducing inflation?   *[13 marks]*

(a) Social costs are acceptable in addition to narrower economic costs. The best candidates will relate the question to different stakeholders, *e.g.* consumers, savers, exporters.

(b) Higher bands require some evaluation.

5. "Globalisation has been defined as the ability to produce any good (or service) anywhere in the world using capital, technology and components from anywhere and then to sell the output anywhere; and place the profits anywhere." [Peter Jay, 1996]. Critically discuss the economic and social consequences of globalisation.   *[25 marks]*

An open-ended question, but it is hoped that even weaker candidates who might be tempted towards 'rambling answers' might find enough pegs in the definition around which they can structure an answer.

6. (a) Describe the ways in which more developed countries provide 'aid'
         to less developed countries.   *[10 marks]*

    (b) Which is the most effective way to encourage development - aid or
         trade? Justify your answer.   *[15 marks]*

    (a) For full marks here, candidates should be aware that 'aid' consists not
         only of gifts, but also loans at below-market interest rates.

    (b) Different approaches are possible, *e.g.* considering the (dis)advantages
         of different types of aid (*e.g.* bilateral, multilateral, tied); and costs and
         benefits of trade.

Marking Criteria, Section B

Use these guidelines as a general basis for awarding marks.

The candidate's answer should be placed in the band where the majority of descriptors correspond to the candidate's work.

See the mark grid for the range of marks available at each band.

Band 4A:
Excellent knowledge of the content of the SL syllabus.
Excellent expression, use of examples and critical approach.
Evidence of thorough understanding of major relevant issues, and accurate use of economic principles.
Where appropriate: a good appreciation of alternative points of view, and some higher order skills, such as analysis/evaluation.
Well organised, cogent, succinct, well informed.
Not necessarily a perfect answer, but as good as could reasonably be expected by a candidate at this level under these circumstances.

Band 4B:
Very good knowledge of the content of the SL syllabus.
Very good expression, use of examples, and critical approach.
Evidence of confident understanding of relevant issues and economic principles.
Where appropriate: some appreciation of alternative points of view, and/or some analysis, and/or some evaluation.
A clear and direct answer to the question.
Well argued with no major errors.

Band 3:
Good knowledge of the content of the SL syllabus.
Good expression and use of examples.
Evidence of clear understanding of relevant issues and economic principles; there may be some errors or confusions, but these are minor.
Ability to use economic models confidently, and/or apply economic concepts to answer the question.
Generally well organised and effectively communicated.
Some lapses in the logical argument may be present, but not too much to spoil the overall impression.

Band 2:
Satisfactory knowledge of the content of the SL syllabus.
Reasonable expression and use of examples.
A few issues recognised.
Some evidence of familiarity with basic economic models/principles, but there may be some confusion.
Some concepts may be understood, others misunderstood.
The organisation of material might be disjointed, and there might be a lack of lucidity/fluency, but the general message is communicated.
Relevant points might be mentioned, but not developed properly or explained clearly.
In the lower part of this band, some irrelevancies might be discussed at some length, and/or quite important material might be omitted, as long as some points of substance are discussed.
Answers with a number of relevant points which are presented in 'note' or 'list' form might reach the top of this band depending on the quality of the points made.

Band 1:
Weak knowledge of the content of the SL syllabus.
Poor expression and use of examples.
Issues discussed tend not to be central ones/central issues are misunderstood.
Minimal evidence of familiarity with basic economic models/principles; often an impression will be given of a use of general knowledge rather than a systematic training in Economics.
Essays not answering the question set will usually be in this band, as may severe cases of parrot-learning/pre-learned answers written regardless of the question/excessively short, note-like answers; but they may enter the band above depending on the extent of the irrelevancy and the quality of the answer.

Band 0:
Very weak or inadequate knowledge of the content of the SL syllabus.
Inadequate expression and use of examples.
Understanding of issues is not evident.
No evidence of any useful familiarity with economic models/principles.
Something of relevance might be mentioned, and receive some of the few marks available, but there are major points of confusion.
Poorly organised to the point of being incoherent.

MARKING GRID: IB ECONOMICS, MARKBANDS AND RANGES; PAPERS SL2, HL3 SECTION B (ESSAYS)

Read the band descriptors (detailed marking criteria) before using this grid

BRIEF BAND DESCRIPTOR (Also refer to detailed criteria)	BAND	MAXIMUM MARK FOR QUESTION/SUB-QUESTION						
		25	15	13	12	10	9	8
Excellent	4a	24-25	14-15	12-13	12	10	9	8
Very Good	4b	20-23	12-13	10-11	10-11	8-9	7-8	7
Good	3	15-19	9-11	8-9	7-9	6-7	5-6	5-6
Satisfactory/adequate	2	10-14	6-8	5-7	5-6	4-5	4	3-4
Weak	1	5-9	4-5	3-4	3-4	2-3	2-3	2
Very Weak	0	0-4	0-3	0-2	0-2	0-1	0-1	0-1