

Grade 12 SL Economics

Teachers: Mr Chartier + Mr Buckley

December 12, (Morning Exam) 2016

ECONOMICS TZ2

(IB Africa, Europe & Middle East & IB Asia-Pacific)

Overall grade boundaries

Higher level

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 12	13 - 25	26 - 39	40 - 51	52 - 64	65 - 76	77 - 100

Standard level

Grade:	1	2	3	4	5	6	7
Mark range:	0 - 13	14 - 27	28 - 41	42 - 51	52 - 63	64 - 73	74 - 100

Paper 1: Macroeconomics

1. (a) Explain the income, output and expenditure methods used to measure real gross domestic product (GDP). [10 marks]

(b) Discuss the usefulness of real GDP per capita as a method of measuring the living standards of a country's population. [15 marks]

Question 3

- (a) Candidates found this question challenging. The answers to this question failed to explain the income, output and expenditure methods precisely enough and there was lots of inaccuracy here. This may be because this area of the guide was not examined much in previous examination sessions and candidates had not revised it well enough. It is quite a knowledge heavy topic and answers had lots of mistakes in them or the explanations were very simplistic. To say the income method is 'adding up all the income in a country is not detailed enough. Candidates needed to explain how income is made up of the following forms: wages, interest, profits and rent and these are aggregated to obtain a GDP figure. This question could also be supported by an accurate circular flow diagram but few candidates chose to do this.
- (b) Answers to this part of the question were better than the answers to part (a), although many responses lacked balance. Candidates were good at saying why real GDP per capita was not a good measure of living standards but not as good at saying why it might be useful. An effective response here would be to say that countries like Germany with a high real GDP per capita tend to have high relative living standards because household incomes are high, poverty is low and people have good access to public services. It would also have been good to see candidates discussing the use of real GDP per capita by using real world examples. The very unequal distribution of income in a country like South Africa makes its GDP per capita a particularly misleading figure to measure average living standards.

Source: M14/3/ECONO/SP1/ENG/TZ2/XX

Macroeconomics

3. (a) **Explain the income, output and expenditure methods used to measure real gross domestic product (GDP).** *[10 marks]*

Answers **may** include:

- definition of real GDP
- an explanation of the income, output and expenditure methods of calculating GDP
- examples of methods of measurement
- a circular flow diagram to show income, output and expenditure.

Part (a) 10 marks

Level	Marks
0 The work does not reach a standard described by the descriptors below.	0
1 There is little understanding of the specific demands of the question. Relevant economic terms are not defined. There is very little knowledge of relevant economic theory. There are significant errors.	1–3
2 There is some understanding of the specific demands of the question. Some relevant economic terms are defined. There is some knowledge of relevant economic theory. There are some errors.	4–6
3 There is understanding of the specific demands of the question. Relevant economic terms are defined. Relevant economic theory is explained and applied. Where appropriate, diagrams are included and applied. Where appropriate, examples are used. There are few errors.	7–8
4 There is clear understanding of the specific demands of the question. Relevant economic terms are clearly defined. Relevant economic theory is clearly explained and applied. Where appropriate, diagrams are included and applied effectively. Where appropriate, examples are used effectively. There are no significant errors.	9–10

- (b) **Discuss the usefulness of real GDP per capita as a method of measuring the living standards of a country's population.**

[15 marks]

N.B. It should be noted that definitions, theory, and examples that have already been given in part (a), and then referred to in part (b) should be rewarded.

Answers **may** include:

- definitions of real GDP per capita and living standards
- an explanation of how real GDP per capita can be an indicator of living standards in terms of incomes of the population, goods and services available, employment levels; explanation of the problems of using real GDP per capita to measure living standards in terms of distribution of income, the nature of goods and services produced, non-monetary influences on living standards; explanation of alternative measures
- examples of GDP per capita and living standards
- synthesis or evaluation (discuss).

Command term

“Discuss” requires candidates to offer a considered and balanced review that includes a range of arguments, factors or hypotheses.

Discussion **may** include: a consideration of the strengths and weaknesses of real GDP per capita as a method of measuring living standards.

Examiners should be aware that candidates may take a different approach which, if appropriate, should be rewarded.

Opinions or conclusions should be presented clearly and should be supported by appropriate examples.

Part (b) 15 marks

Level	Marks
0 The work does not reach a standard described by the descriptors below.	0
1 There is little understanding of the specific demands of the question. Relevant economic terms are not defined. There is very little knowledge of relevant economic theory. There are significant errors.	1–5
2 There is some understanding of the specific demands of the question. Some relevant economic terms are defined. There is some knowledge of relevant economic theory. There are some errors.	6–9
3 There is understanding of the specific demands of the question. Relevant economic terms are defined. Relevant economic theory is explained and applied. Where appropriate, diagrams are included and applied. Where appropriate, examples are used. There is an attempt at synthesis or evaluation. There are few errors.	10–12
4 There is clear understanding of the specific demands of the question. Relevant economic terms are clearly defined. Relevant economic theory is clearly explained and applied. Where appropriate, diagrams are included and applied effectively. Where appropriate, examples are used effectively. There is evidence of appropriate synthesis or evaluation. There are no significant errors.	13–15

2. (a) Using an appropriate diagram, explain why a country might experience a deflationary gap. [10 marks]

(b) “Fiscal policy is the most effective way of bringing an economy out of recession.” To what extent is this statement valid? [15 marks]

Source: M14/3/ECONO/SP1/ENG/TZ2/XX

Examiner Comment:

Question 4

- (a) This question was the more popular of the questions in Section B. The deflationary gap was explained really well by the highest achieving candidates, but there was some confusion amongst lower achieving candidates who often explained deflation rather than the deflationary gap. This was a question that needed an effective AD/AS diagram to support the answer and many candidates drew clear, well labelled diagrams.
- (b) This question was generally well done with some very good answers evaluating the application of fiscal policy. Candidates showed good knowledge levels here and applied theory well to show how cuts in tax and increases in government expenditure increase aggregate demand and can draw a country out of recession. It was also very pleasing to see so many candidates considering the problems of doing this because of the problems governments face with increasing fiscal deficits. This was an answer which was really strengthened by relevant current examples and the highest achieving candidates used examples from European and US government deficits to illustrate this.

4. (a) **Using an appropriate diagram, explain why a country might experience a deflationary gap.**

[10 marks]

Answers **may** include:

- definitions of deflationary gap and recession
- diagram of AD/AS showing equilibrium real output at a level below full-employment output
- an explanation of why there may be a deflationary gap including recession in the economy, a fall in AD or a fall in SRAS
- examples of where recessions have occurred.

Part (a) 10 marks

Level		Marks
0	The work does not reach a standard described by the descriptors below.	0
1	There is little understanding of the specific demands of the question. Relevant economic terms are not defined. There is very little knowledge of relevant economic theory. There are significant errors.	1–3
2	There is some understanding of the specific demands of the question. Some relevant economic terms are defined. There is some knowledge of relevant economic theory. There are some errors.	4–6
3	There is understanding of the specific demands of the question. Relevant economic terms are defined. Relevant economic theory is explained and applied. Where appropriate, diagrams are included and applied. Where appropriate, examples are used. There are few errors.	7–8
4	There is clear understanding of the specific demands of the question. Relevant economic terms are clearly defined. Relevant economic theory is clearly explained and applied. Where appropriate, diagrams are included and applied effectively. Where appropriate, examples are used effectively. There are no significant errors.	9–10

- (b) **“Fiscal policy is the most effective way of bringing an economy out of recession.” To what extent is this statement valid?**

[15 marks]

N.B. It should be noted that definitions, theory, and examples that have already been given in part (a), and then referred to in part (b) should be rewarded.

Answers **may** include:

- definitions of recession and fiscal policy
- diagram showing an increase in AD
- an explanation of how expansionary fiscal policy may increase AD including the role of automatic stabilizers, the disadvantages of fiscal policy and alternative policies a government might use
- examples of situations when fiscal policy has been used in a recession
- synthesis or evaluation (to what extent).

Command term

“To what extent” requires candidates to consider the merits or otherwise of an argument or concept.

Consideration of the merits of the statement **may** include: the strengths and weaknesses of using fiscal policy in relation to other policies.

Examiners should be aware that candidates may take a different approach which, if appropriate, should be rewarded.

Opinions or conclusions should be presented clearly and should be supported by appropriate examples.

Part (b) 15 marks

Level	Marks
0 The work does not reach a standard described by the descriptors below.	0
1 There is little understanding of the specific demands of the question. Relevant economic terms are not defined. There is very little knowledge of relevant economic theory. There are significant errors.	1–5
2 There is some understanding of the specific demands of the question. Some relevant economic terms are defined. There is some knowledge of relevant economic theory. There are some errors.	6–9
3 There is understanding of the specific demands of the question. Relevant economic terms are defined. Relevant economic theory is explained and applied. Where appropriate, diagrams are included and applied. Where appropriate, examples are used. There is an attempt at synthesis or evaluation. There are few errors.	10–12
4 There is clear understanding of the specific demands of the question. Relevant economic terms are clearly defined. Relevant economic theory is clearly explained and applied. Where appropriate, diagrams are included and applied effectively. Where appropriate, examples are used effectively. There is evidence of appropriate synthesis or evaluation. There are no significant errors.	13–15

Paper 2: Development

Answer **one** question from this section.

SECTION B

3. Study the extract below and answer the questions that follow.

China: Money to invest for a better future

1. In 2005, Madam Xiao Jinqiu was barely making enough to feed her two sons. Now she earns a living by weaving traditional fabrics, bags and scarves for sale and rearing livestock – all with the help of an annual micro-loan given out by a local non-profit group.

2. By borrowing between 1000 yuan and 3000 yuan (US\$152 and US\$456 respectively) a year, she has been able to earn enough to invest in a better life for her family. She is among a growing number of poor villagers in China who have found a lifeline in micro-credit, which allows families the opportunity to escape from the poverty trap. Such schemes have existed in China for some years, but the number of borrowers remains low.

3. China's state banks are now trying to offer its 720 million rural residents more access to micro-credit, but two key barriers still stand in the way. Many remote areas remain inaccessible to banks and farmers often do not have belongings or assets that can be used as security for the loans. Almost 3000 rural townships in China – around 9 % of the country's total – do not have a bank. This is where private banks and non-profit groups can make a difference.

4. Almost half of the 170 000 population of Yunnan Province lives under China's poverty line of 1196 yuan per capita annually. Almost 36 million of China's rural residents, or 3.6 % of the population in the countryside, were living below the poverty line at the end of 2009, according to official data.

5. Micro-credit is still rare in China, but it is a very effective way to reduce poverty. The key is to find a way to establish trust between lender and farmer. China's farmers do not own the land they cultivate. They have only land-use rights, which means that they cannot use the land they farm as security for a loan.

6. One solution to this problem is to group several farming families together and make them co-guarantors of one another's loans, spreading the risk. An official from one lending organization, which lends only to married women, said: "Women are less likely to default. They take charge of household finances. They have self-respect".

[Source: The Straits Times, 15 November 2010]

(a) (i) Define the term **micro-credit** indicated in bold in the text (paragraph 2). [2 marks]

(ii) Define the term **poverty trap** indicated in bold in the text (paragraph 2).

[2 marks]

(b) Using a diagram, explain how the use of micro-credit might affect the distribution of income in rural areas of China. [4 marks]

(Question 3 continued)

(c) Using a production possibility curve (PPC) diagram, explain how micro-credit schemes can affect the actual output and the production possibilities of an economy. [4 marks]

(d) Using information from the text/data and your knowledge of economics, evaluate the use of micro-credit in promoting economic development in economically less-developed countries. [8 marks]

Source: M13/3/ECONO/HP2/ENG/TZ0/XX

Question 3

3(a)(i)

Most candidates were able to identify a couple of characteristics of micro-credit to earn full marks.

3(a)(ii)

Most candidates were able to define one of the more well-known poverty cycles, or describe a cycle beginning and ending with a logical succession of points. Some candidates seemed to make up their own cycles, and if they were sensible, were able to score full marks. In some instances, a cycle was described, but the links between the points were far-fetched.

3(b)

The majority of candidates recognised that the most appropriate diagram to illustrate changes in the distribution of income was the Lorenz curve diagram. There was a good number who did not accurately label the axes, or who mixed up the two axes labels. Many neglected to label the diagonal line. Not much was required in the

explanation other than saying that higher incomes for lower-income people might result in a more equal distribution of income.

3(c)

This question asked for two different changes on a PPC diagram. It was decided to accept an explanation of either of the changes as long as the explanation matched the change shown on the diagram. Thus, candidates could show either a shift in the PPC or a movement from one point inside the PPC to a point closer to the PPC (or on PPC).

3(d)

As has almost always been the case with part (d) questions on economic development, there were a great many rambling, superficial responses with candidates making sweeping naïve statements. Very few candidates seemed to know very much about micro-credit so simply paraphrased bits of the text. Answers tended also to be uncritical, remarking only on the almost propaganda-like view of the benefits of micro-credit.

Answers:

3. (a) (i) Define the term **micro-credit** indicated in bold in the text (paragraph 2). [2 marks]

Level Marks

0 *The work does not reach a standard described by the descriptors below.* 0

1 *Vague definition.* 1

The idea that it is a small loan.

2 *Accurate definition.* 2

An explanation that it is loan, plus **one** further descriptor, such as:

- micro-credit allows poor people to set up a small scale business
- micro-credit is loaned to borrowers who do not have security/collateral
- micro-credit contributes to the empowerment of women.

(ii) Define the term **poverty trap** indicated in bold in the text (paragraph 2). [2 marks]

Level Marks

0 *The work does not reach a standard described by the descriptors below.* 0

1 *Vague definition.* 1

The idea that people cannot escape from poverty.

2 *Accurate definition.* 2

An explanation that it is any **one** of the following:

- any linked combination of factors which causes poverty to be self-perpetuating with low income as the cause
- low incomes lead to low saving which leads to low investment which leads to low growth which leads to low income
- low incomes leads to low levels of human capital that leads to low productivity that leads to low incomes.

– 13 – M13/3/ECONO/HP2/ENG/TZ0/XX/M

(b) Using a diagram, explain how the use of micro-credit might affect the distribution of income in rural areas of China. [4 marks]

Level Marks

0 *The work does not reach a standard described by the descriptors below.* **0**

1 *There is a correct diagram **or** an accurate written response.* **1–2**

For drawing an accurate, labelled Lorenz Curve diagram showing two Lorenz curves with an indication that there is a movement towards the line of perfect equality **or** for explaining that the use of micro-credit might increase the income of lower-income Chinese people, thus leading to a more equal (less unequal) distribution of income.

2 *There is a correct diagram **and** an accurate written response.* **3–4**

For drawing an accurate, labelled Lorenz Curve diagram showing two Lorenz curves with an indication that there is a movement towards the line of perfect **and** for explaining that the use of micro-credit might increase the income of lower-income Chinese people, thus leading to a more equal (less unequal) distribution of income.

The question does not identify a specific diagram. Alternative diagrams may be drawn and, as long as a plausible link to income distribution is explained, may be fully awarded.

Candidates who incorrectly label diagrams can be rewarded with a maximum of **[3 marks]**. The *y*-axis should be labelled “cumulative % of income” or “% of income” and *x*-axis should be “cumulative % of population” or “% of population”. The diagonal line should be “(line of) perfect equality” or “(line of) absolute equality”. – 14 – M13/3/ECONO/HP2/ENG/TZ0/XX/M

(c) Using a production possibility curve (PPC) diagram, explain how micro-credit schemes can affect the actual output and the production possibilities of an economy. [4 marks]

Level Marks

0 *The work does not reach a standard described by the descriptors below.* **0**

1 *There is a correct diagram **or** an accurate written response.* **1–2**

For drawing an accurate, labelled PPC diagram showing an increase in production possibilities (outward shift of the PPC) or an increase in actual output (movement of a point towards the curve) **or** for an explanation that micro-credit may allow for an increase in the actual output of the economy or an increase in the quality and/or the quantity of the factors of production thus leading to an increase in the production possibilities (potential output) of an economy.

2 *There is a correct diagram **and** an accurate written response.* **3–4**

For drawing an accurate, labelled PPC diagram showing an increase in production possibilities (outward shift of the PPC) or an increase in actual output (movement of a point towards the curve) **and** an explanation that micro-credit may allow for an increase in the actual output of the economy or an increase in the quality and/or the quantity of the factors of production thus leading to an increase in the production possibilities (potential output) of an economy.

For full marks, candidates are not required to show **both** a movement towards the curve and a shift in the curve. One change, correctly explained is sufficient for full marks.

Candidates who incorrectly label diagrams can be rewarded with a maximum of **[3 marks]**. For a PPC, the axis could be two alternative products, one for each axis, eg Good A and Good B; or two groups of products, eg consumer goods and capital goods. A title is not necessary.– 15 –

M13/3/ECONO/HP2/ENG/TZ0/XX/M

(d) Using information from the text/data and your knowledge of economics, evaluate the use of micro-credit in promoting economic development in economically less-developed countries. [8 marks]

Examiners should be aware that candidates may take a different approach, which, if appropriate, should be rewarded.

Do not award beyond Level 2 if the answer does not contain reference to the information provided.

Level Marks

0 *The work does not reach a standard described by the descriptors below.* 0

1 *Few relevant concepts are recognized.* 1–2

There is basic knowledge/understanding.

2 *Relevant concepts are recognized and developed in reasonable depth.* 3–5

There is clear knowledge/understanding.

There is some attempt at application/analysis.

3 *Relevant concepts are recognized and developed in reasonable depth.* 6–8

There is clear knowledge/understanding.

There is some effective application/analysis.

There is synthesis/evaluation, supported by appropriate theory and evidence.

Command term

“Evaluate” requires candidates to make an appraisal by weighing up the strengths and limitations.

Responses **may** include:

- a definition of economic development.

Strengths of micro-credit:

- micro-credit provides a means of escaping the poverty trap (*paragraph 2*)
- micro-credit given to women allows them to improve their physical and social well-being, and gives them the opportunity to raise the standards of living for their children
- increased employment opportunities
- micro-credit gives access to people who are unable to obtain loans from financial institutions as a result of having no security to offer
- micro-credit allows people to obtain a loan at a lower rate than if they borrowed from “loan sharks”
- micro-credit fosters self-reliance and the use of entrepreneurial skills through self-employment
- micro-credit is often accompanied by provision of basic skills that enable the borrowers to make better use of the loans
- micro-credit gives borrowers the opportunity to earn more income from their land (*paragraphs 5 and 6*)
- China’s state banks are now also trying to offer more access to micro-credit (*paragraph 3*).

– 16 – M13/3/ECONO/HP2/ENG/TZ0/XX/M

Limitations:

- _micro-credit may cause the government to feel that it no longer needs to invest in poverty-reducing programmes
- _there may be insufficient regulation of the growing informal sector, resulting in new avenues for “loan sharks” to take advantage of impoverished borrowers.
- _Many people who take micro-credit loans are not natural entrepreneurs and do not have appropriate business experience. This makes it quite possible that they will be unable to pay back the loans.
- _businesses started with micro-credit loans are likely to remain small; while they might help individual borrowers out of poverty, this might not make a significant dent in overall poverty
- _no guarantee that the use of micro-credit will lift citizens in rural China above the poverty line (*paragraph 4*)
- _many remote areas remain inaccessible so it is unlikely that micro-credit will be able to be used (*paragraph 5*).

Any reasonable evaluation that assesses the relative strengths and limitations of micro-credit in contributing to economic development.– 17 – M13/3/ECONO/HP2/ENG/TZ0/XX/M

Question 4

- (a) (i) Although this is a term that is frequently asked in examinations, many candidates still seem to find it difficult to define the term and many still simply give examples. As shown in the markscheme, there are a number of different acceptable approaches to this question.
- (ii) The most common error here was that candidates simply hadn't learned the goals accurately.
- (b) This question was generally very well-answered, with most candidates understanding the relationship between the Gini coefficient and the Lorenz curve. Of course there were some candidates that mixed up the relationship and/or mixed up the labels on the axes but it was generally well-answered.
- (c) Most candidates were able to illustrate an increase in AD, but quite a few did not refer to increased government spending, or reduced taxes, as either a component or determinant of AD in the explanation. Some candidates were able to explain the increase in AD but did not specifically refer to the inflation included in the question.
- (d) Although the amount of data may have seemed daunting to some candidates, the answers to this question were some of the best responses to a part (d) question that have been seen in any of the Section B questions thus far. Many candidates who tackled this question were able to use the ample data to meticulously identify indicators of economic development and were able to conclude that while Nigeria may be materially better off than Senegal, Senegal seems better poised to achieve development. The lower achieving candidates who did not carefully examine or use both the text and the table were less successful. Some candidates misunderstood the data or did not recognise that the HDI values for the two countries were identical.

Answers:

4. (a) (i) Define the term infrastructure indicated in bold in the text (paragraph 7). [2 marks]

Level Marks

0 The work does not reach a standard described by the descriptors below. 0

1 Vague definition. 1

The idea that it is (any one of the following is sufficient):

- large scale public systems (services and facilities) of a country
- necessary for economic activity
- in addition to the capital stock of a nation
- usually supplied by the government.

2 Accurate definition. 2

An explanation that it is (any two of the following is sufficient):

- large scale public systems (services and facilities) of a country
- necessary for economic activity
- an addition to the capital stock of a nation
- usually supplied by the government.

Any reasonable response.

(ii) List two of the Millennium Development Goals (MDGs) (paragraph 2). [2 marks]

Level Marks

0 The work does not reach a standard described by the descriptors below. 0

1 There is limited understanding 1

One goal is stated or two goals are partially stated.

2 There is clear understanding 2

Two of the following goals are stated:

- eradicate extreme poverty and hunger
- achieve universal primary education
- promote gender equality and empower women
- reduce child mortality
- improve maternal health
- combat HIV/AIDS, malaria, and other diseases
- ensure environmental sustainability
- develop a Global Partnership for Development.

– 20 – N14/3/ECONO/HP2/ENG/TZ0/XX/M

(b) Using a Lorenz curve diagram, explain the meaning of the difference in the Gini coefficient figures for Nigeria and Senegal (Figure 1). [4 marks]

Level Marks

0 The work does not reach a standard described by the descriptors below. 0

1 There is a correct diagram or an accurate written response. 1–2

For drawing a correctly labelled Lorenz curve diagram showing the curve for Senegal to be closer to the line of equality than the curve for Nigeria or an explanation that the lower Gini coefficient figure for Senegal means that income is more equally distributed in Senegal than in Nigeria.

2 There is a correct diagram and an accurate written response. 3–4

For drawing a correctly labelled Lorenz curve diagram showing the curve for Senegal to be closer to the line of equality than the curve for Nigeria and an explanation that the lower Gini coefficient figure for Senegal means that income is more equally distributed in Senegal than in Nigeria.

Candidates who incorrectly label diagrams can be rewarded with a maximum of [3 marks].

For a Lorenz curve, the vertical axis should be (cumulative) percentage of income and the horizontal axis should be (cumulative) percentage of population. A title is not necessary.

(c) Using an AD/AS diagram, explain why “a fiscal stimulus that maintained

strong growth ... can also be associated with Nigeria's high inflation" (paragraph 2). [4 marks]

Level Marks

0 The work does not reach a standard described by the descriptors below. 0

1 There is a correct diagram or an accurate written response. 1–2

For drawing a correctly labelled AD/AS diagram with a shift of the AD curve to the right and indicating a rise in the average price level or for explaining that a fiscal stimulus would increase AD through increased government spending and/or lower direct taxes (increased household consumption), thus leading to high inflation.

2 There is a correct diagram and an accurate written response. 3–4

For drawing a correctly labelled AD/AS diagram with a shift of the AD curve to the right and indicating a rise in the average price level and for explaining that a fiscal stimulus would increase AD through increased government spending and/or lower direct taxes (increased household consumption), thus leading to high inflation.

Candidates who incorrectly label diagrams can be rewarded with a maximum of [3 marks].

– 21 – N14/3/ECONO/HP2/ENG/TZ0/XX/M

For AD/AS, the vertical axis may be price level, average price level, general price level or any abbreviations of these. The horizontal axis may be output, real output, national output, real national output, national income, or any abbreviations of these. A title is not necessary.

– 22 – N14/3/ECONO/HP2/ENG/TZ0/XX/M

(d) Using information from the text/data and your knowledge of economics, discuss the extent to which economic development is likely to be achieved in Nigeria in comparison to Senegal. [8 marks]

Examiners should be aware that candidates may take a different approach which, if appropriate, should be rewarded.

Do not award beyond Level 2 if the answer does not contain reference to the information provided.

Level Marks

0 The work does not reach a standard described by the descriptors below. 0

1 Few relevant concepts are recognized. 1–2

There is basic knowledge/understanding.

2 Relevant concepts are recognized and developed in reasonable depth. 3–5

There is clear knowledge/understanding.

There is some attempt at application/analysis.

3 Relevant concepts are recognized and developed in reasonable depth. 6–8

There is clear knowledge/understanding.

There is effective application/analysis.

There is synthesis/evaluation, supported by appropriate theory and evidence.

Command term

"Discuss" requires candidates to offer a considered and balanced review that includes a range of arguments, factors or hypotheses. Opinions or conclusions should be presented clearly and supported by appropriate evidence.

Responses may include:

- a definition of economic development
- a comparison of HDI values noting that the HDI value is the same in both

countries

- GNI per capita is notably higher in Nigeria, so that the education and health indices for Nigeria must be lower than Senegal
- the difference in GNI per capita may be exaggerated as up to 60% of Senegal's economy is informal (Paragraph 2)
- Senegal's larger public expenditure on health as a percentage of GDP may contribute to higher economic development and may be responsible for its higher life expectancy
- Senegal's larger expenditure on education as a percentage of GDP may contribute to higher economic development (Figure 1)
- In the long run, greater expenditure on health care and education may result in a healthier and more productive work force, contributing to greater economic growth and development
- PPC curve or LRAS curve to show effect of improvement in quality of labour
- Senegal's lower Gini coefficient suggests a more equal distribution of income (Figure 1); so even though Senegal's GNI per capita income is lower than Nigeria, income is more equally distributed
- 23 – N14/3/ECONO/HP2/ENG/TZ0/XX/M
- Nigeria has a much higher percentage of people living in absolute poverty (Figure 1)
- While Nigeria has large reserves of natural resources (Paragraph 2), it may be over-reliant on oil revenues as a source of economic growth; non-oil growth needed (Paragraph 2)
- Senegal's economy may be more diversified (Paragraph 2), meaning that it may be able to withstand global fluctuations in commodity prices
- Concern about poor governance in Nigeria, such that any benefits of economic growth may not translate into economic development
- Concern about infrastructure in both countries
- Use of data to make predictions of future economic development.