

Prelim Essay Q6 – International Trade & Globalisation

Amidst global economic slowdown and rising unemployment, there is growing dissatisfaction with free trade, globalisation, and increasing protectionism of some countries.

- a. Explain the reasons for the rise in protectionism in some countries. [10]
- b. Discuss whether the use of policies promoting greater free trade is the best strategy for Singapore to improve her balance of trade amidst rising protectionism in the globalised world. [15]

Suggested answer for part (a):

Question Analysis	
Command	Explain the reasons – Use economic reasoning to explain
Content	Rise of protectionism (Reasons for Protectionism- Choose 2) <ul style="list-style-type: none">- Infant Industry Argument- Protect domestic production and employment using sunset industry argument- Protection against dumping- Protection to align environmental and social standards
Context	Some countries
1st Requirement: Reason 1 for the rise in protectionism – Costs of globalization, i.e., loss of comparative advantage, rise in structural unemployment and deterioration of trade balance	
2nd Requirement: Reason 2 for the rise in protectionism – Explain the benefits of protectionism in improving trade balance and protecting domestic industries.	

Introduction

Protectionism refers to economic policies or practices that governments use to protect their domestic industries from foreign competition. Common tools of protectionism include tariffs, quotas, and subsidies. In recent years, rising dissatisfaction with free trade and globalization has prompted some countries to adopt protectionist measures, driven by factors such as loss of comparative advantage, rising structural unemployment, and efforts to protect domestic industries and improve trade balances.

1st Requirement: Reason 1 for the rise in protectionism – Costs of globalization, i.e., Reducing the impact of loss of comparative advantage, rise in structural unemployment and deterioration of trade balance

- **Loss of Comparative Advantage:** Some developed countries, such as the United States, have experienced a loss of comparative advantage in various sectors due to

increased competition from developing economies like China and Vietnam. These countries often have lower labour costs, attracting foreign direct investment (FDI) and outsourcing from developed countries. As domestic industries become less competitive, local firms may close down or shift operations abroad, leading to job losses. Eg: The U.S. has experienced a loss of comparative advantage in electronics manufacturing, as companies like Apple outsource production to China, which offers lower labour costs and an efficient supply chain. Similarly, U.S. automobile manufacturers have faced competition from Japanese, South Korean and Chinese manufacturers, leading to declining market share and job losses in the industry.

- **Structural Unemployment:** Structural Unemployment: As industries close down, workers face long-term unemployment due to a mismatch between their existing skills and those required in the evolving economy. The "skills gap" widens as the demand for highly skilled labor in growing industries outpaces the supply of qualified workers. Displaced workers from shrinking sectors may struggle to transition to new roles, particularly in countries with generous unemployment benefits, which can reduce the incentive to retrain. Even when retraining is pursued, the rapid pace of economic restructuring often surpasses the rate of skill development, leading to structural unemployment in the short term as workers experience occupational immobility in high-skilled industries.
- **Deterioration of Balance of Trade:** As developed countries lose competitiveness, exports decline, and imports rise, leading to trade deficits. This deterioration in the BOT can result in reduced foreign reserves, increased borrowing, and heightened economic instability. Protectionist measures are thus seen as a way to counter this negative trend by boosting domestic production and reducing reliance on imports.

2nd Requirement: Reason 2 for the rise in protectionism – Explain the benefits of protectionism in improving trade balance and protecting domestic industries.

Protectionist policies are often implemented with the aim of protecting domestic industries, maintaining employment levels, and improving the balance of trade. While such policies may provide short-term relief, they also come with potential drawbacks like higher prices and inefficiencies.

- **Protecting Infant Industries:** Protectionism can help infant industries, which are still developing their comparative advantage, by giving them time to grow and become competitive. Without protection, these industries might fail to achieve economies of scale, leading to a loss of potential future competitiveness. By protecting these sectors in the short run, governments can encourage diversification, reduce dependency on specific imports, and support long-term economic stability. Eg: China's renewable energy sector, particularly solar panel manufacturing, benefited from protectionist measures like subsidies and low-interest loans in the early 2000s. These policies allowed domestic companies to scale up, reduce costs, and become global leaders in solar panel production, helping China dominate the global market.

OR

- **Export Subsidies and Trade Balance:** Export subsidies lower the unit cost of production for domestic firms, enabling them to sell their goods at more competitive prices in international markets. This can help increase exports, reduce trade deficits,

and boost AD, potentially leading to economic growth and higher employment. Countries with large current account deficits may resort to protectionism to boost exports and reduce imports, improving their BOT in the short term. Eg: The European Union's Common Agricultural Policy (CAP) provides export subsidies to farmers, reducing production costs and enabling competitive pricing in global markets. This has boosted EU agricultural exports, reduced trade deficits in the sector, and supported domestic farm incomes.

OR

- **Import Tariffs and Employment:** Import tariffs raise the prices of foreign goods, making domestically produced alternatives more attractive to consumers. This can support domestic industries, safeguarding jobs, especially in industries facing strong international competition. Thus, reducing structural unemployment. However, the extent of the benefit depends on how long protectionist measures are in place and how effectively domestic firms can adapt and become more competitive.

Conclusion

The rise of protectionism in some countries can be attributed to the need to address domestic economic challenges such as structural unemployment, loss of competitiveness, and trade imbalances. While protectionist measures can offer short-term benefits, especially in protecting jobs and improving trade balances, their long-term effects on economic efficiency and global trade relationships need to be carefully considered.

Markers' Comments:

Only 46 candidates attempted this question. While most candidates were able to identify the two key reasons for the rise in protectionism, many struggled with providing strong theoretical explanations and did not substantiate their points with relevant real-world examples. Additionally, candidates need to maintain a sharper focus on the key requirements of the question. Crafting clear topic sentences can help ensure that responses directly address the question and are structured logically.

Mark Scheme:

Knowledge, Understanding, Application, Analysis		
L3	<p>Analysis & Application For an analytical answer that addresses the question thoroughly with clear explanation well supported by tools of analysis. The reasons for protectionism as well as the benefits of protectionism are clearly explained.</p> <p>There is good ability to organise ideas or discriminate between relevant and irrelevant factors. Answer is well-focused on question.</p> <p>Knowledge & Understanding For an answer that demonstrates an accurate knowledge and understanding of economic concepts, theories related to question, e.g. reasons for protectionism</p> <p>Marks within L3:</p>	8 - 10

	<table> <tr> <th>Annotation</th><th>Description</th><th>Mark</th></tr> <tr> <td>A + A</td><td>Analytical explanations for 2 question requirements</td><td>10</td></tr> <tr> <td>A + C + K</td><td>1 analytical and 1 cursory explanation for 2 question requirements and an explanation of additional factor that is relevant</td><td>9</td></tr> <tr> <td>A + C</td><td>1 analytical and 1 cursory explanation for 2 question requirements</td><td>8</td></tr> </table>	Annotation	Description	Mark	A + A	Analytical explanations for 2 question requirements	10	A + C + K	1 analytical and 1 cursory explanation for 2 question requirements and an explanation of additional factor that is relevant	9	A + C	1 analytical and 1 cursory explanation for 2 question requirements	8										
Annotation	Description	Mark																					
A + A	Analytical explanations for 2 question requirements	10																					
A + C + K	1 analytical and 1 cursory explanation for 2 question requirements and an explanation of additional factor that is relevant	9																					
A + C	1 analytical and 1 cursory explanation for 2 question requirements	8																					
L2	<p>Analysis & Application For an under-developed answer that attempts to address the question and explain the reasons for protectionism & the benefits of protectionism. Answers may be descriptive, lack an analytical approach (e.g. not supported with tools of analysis, incomplete use of diagram) or is incompletely explained with gaps in analysis. Or For a one-sided analytical answer that address only one of the two question requirements.</p> <p>For an answer that is supported with some application to the context of the question. There is limited ability to organise ideas or discriminate between relevant and irrelevant materials. Answer has some relevance to the question context but is generic (e.g. pre-learnt answer that is not focused on addressing the question specifically) or addresses only selected parts of the question.</p> <p>Knowledge & Understanding For an answer that demonstrates largely accurate knowledge and understanding of economic concepts, theories related to question (i.e. no major conceptual errors).</p> <p>Marks within L2:</p> <table> <tr> <th>Annotation</th><th>Description</th><th>Mark</th></tr> <tr> <td>A + K</td><td>1 analytical explanation for 1 question requirement and an explanation of additional factor that is relevant</td><td>7</td></tr> <tr> <td>C + C + K</td><td>Cursory explanations for 2 question requirements and an explanation of additional factor that is relevant</td><td>7</td></tr> <tr> <td>C + C</td><td>Cursory explanations for 2 question requirements</td><td>6</td></tr> <tr> <td>A + 0</td><td>1 analytical explanation for 1 question requirement</td><td>6</td></tr> <tr> <td>K + C + K</td><td>1 cursory explanation and 1 basic, unexplained statement or definition for 2 question requirements and an explanation of additional factor that is relevant</td><td>6</td></tr> <tr> <td>K + C</td><td>1 cursory explanation and 1 basic, unexplained statement or definition for 2 question requirements</td><td>5</td></tr> </table>	Annotation	Description	Mark	A + K	1 analytical explanation for 1 question requirement and an explanation of additional factor that is relevant	7	C + C + K	Cursory explanations for 2 question requirements and an explanation of additional factor that is relevant	7	C + C	Cursory explanations for 2 question requirements	6	A + 0	1 analytical explanation for 1 question requirement	6	K + C + K	1 cursory explanation and 1 basic, unexplained statement or definition for 2 question requirements and an explanation of additional factor that is relevant	6	K + C	1 cursory explanation and 1 basic, unexplained statement or definition for 2 question requirements	5	5 - 7
Annotation	Description	Mark																					
A + K	1 analytical explanation for 1 question requirement and an explanation of additional factor that is relevant	7																					
C + C + K	Cursory explanations for 2 question requirements and an explanation of additional factor that is relevant	7																					
C + C	Cursory explanations for 2 question requirements	6																					
A + 0	1 analytical explanation for 1 question requirement	6																					
K + C + K	1 cursory explanation and 1 basic, unexplained statement or definition for 2 question requirements and an explanation of additional factor that is relevant	6																					
K + C	1 cursory explanation and 1 basic, unexplained statement or definition for 2 question requirements	5																					

L1	<p>Knowledge & Understanding For an answer that shows limited knowledge and understanding of relevant economic concepts and theories (e.g. basic description or definitions). Few valid points made which are scant and inadequately explained. Answers are mostly irrelevant and inaccurate. Answer demonstrates that the meaning of question is not properly grasped or may contain basic errors of theory.</p> <p>Marks within L1:</p> <table border="1" data-bbox="313 499 1253 972"> <thead> <tr> <th>Annotation</th><th>Description</th><th>Mark</th></tr> </thead> <tbody> <tr> <td>C + 0</td><td>One cursory explanation for 1 question requirement</td><td>4</td></tr> <tr> <td>K + K</td><td>Knowledge and understanding of 2 question requirements</td><td>4</td></tr> <tr> <td>K + K</td><td>Knowledge and understanding of 1 question requirement and knowledge of the second requirement</td><td>3</td></tr> <tr> <td>K + K</td><td>Knowledge of 2 question requirements</td><td>2</td></tr> <tr> <td>K + 0</td><td>Knowledge and understanding of 1 question requirement</td><td>2</td></tr> <tr> <td>K + 0</td><td>Knowledge of one question requirement</td><td>1</td></tr> <tr> <td>0</td><td>Nothing of relevance in the answer</td><td>0</td></tr> </tbody> </table>	Annotation	Description	Mark	C + 0	One cursory explanation for 1 question requirement	4	K + K	Knowledge and understanding of 2 question requirements	4	K + K	Knowledge and understanding of 1 question requirement and knowledge of the second requirement	3	K + K	Knowledge of 2 question requirements	2	K + 0	Knowledge and understanding of 1 question requirement	2	K + 0	Knowledge of one question requirement	1	0	Nothing of relevance in the answer	0	0 - 4
Annotation	Description	Mark																								
C + 0	One cursory explanation for 1 question requirement	4																								
K + K	Knowledge and understanding of 2 question requirements	4																								
K + K	Knowledge and understanding of 1 question requirement and knowledge of the second requirement	3																								
K + K	Knowledge of 2 question requirements	2																								
K + 0	Knowledge and understanding of 1 question requirement	2																								
K + 0	Knowledge of one question requirement	1																								
0	Nothing of relevance in the answer	0																								

Discuss whether the use of policies promoting greater free trade is the best strategy for Singapore to improve her balance of trade amidst rising protectionism in the globalised world. [15]

Suggested answer for part (b):

Question Analysis	
Command	Discuss: 2 sided response
Content	<p>Policies to promote greater free trade is the best strategy for Singapore to improve her balance of trade amidst rising protectionism:</p> <p>(1) Signing more FTAs to gain access to more export markets</p> <p>(2) Supply-sides policies (R&D, skills training) to improve comparative advantage.</p> <p>Explain why Singapore should not engage in protectionism</p>
Context	Singapore - resource poor nation and reliant on trade for growth and imports.
<p>1st Requirement: Explain how the use at least one policy to promote greater free trade is the best strategy for Singapore to improve her balance of trade amidst rising protectionism in the globalised world.</p> <p>2nd Requirement: Explain how the use of another policy to develop Singapore's domestic capabilities as well as why Singapore should not engage in protectionism.</p>	

Introduction

In the face of a global economic slowdown and increasing protectionism, Singapore's approach to improving its balance of trade should strategically leverage free trade policies. As a small, resource-scarce nation with a heavy dependence on trade, Singapore's open economy reaps substantial benefits from globalisation. To capitalize on these benefits, Singapore should focus on policies that enhance free trade, such as negotiating Free Trade Agreements (FTAs) and implementing supply-side measures. These policies offer considerable advantages in expanding market access and boosting economic performance. However, it is crucial to also consider the limitations of these policies and the reasons why protectionism may not be a viable strategy for Singapore.

1st Requirement: Explain how the use of at least one policy promoting greater free trade is the best strategy for Singapore to improve her balance of trade amidst rising protectionism in the globalised world.

Free trade policies advocate for the expansion of cross-border exchanges of goods, services, and resources, often facilitated through Free Trade Agreements (FTAs). These treaties between two or more economies aim to simplify and promote trade and investment by reducing barriers and tariffs.

For Singapore, a small, resource-scarce nation heavily reliant on trade, embracing free trade policies is essential for improving its balance of trade, especially amidst rising global protectionism. By leveraging FTAs and implementing supportive supply-side measures, Singapore can maximize the benefits of globalization and address its trade challenges effectively.

Benefits of Free Trade Policies for Singapore:

Free trade policies allow Singapore to overcome domestic demand constraints by providing access to larger international markets. This can lead to increased export revenues (X-M), improving the balance of trade. Enhanced trade opportunities attract FDI, as businesses seek to capitalize on larger markets and potential profitability. This influx of investment boosts aggregate demand (AD) by increasing both net exports and investment.

→ this can trigger a multiplier effect, leading to further rounds of income-induced consumption and a multiplied increase in AD → actual economic growth

→ Higher FDI and trade also lead to technological advancements and improved productivity. This enhances the quality and quantity of capital and labour, shifting the Long-Run Aggregate Supply (LRAS) rightward and achieving potential economic growth.

Policy Recommendation (Example): Signing More Free Trade Agreements

Signing more Free trade agreements (FTAs) to its already extensive network of 15 bilateral and 12 regional FTAs, can help companies based in Singapore to expand and leverage on their comparative advantage more effectively, overcoming protectionist barriers and enhancing export opportunities.

By doing so, FTAs create a more favourable environment for cross-border trade. When Singapore signs an FTA with another nation or a group of nations, it gains preferential access to those markets. This means that its exporters can sell their goods and services more easily in those markets, leading to a higher demand for Singapore's exports.

More FTAs signed can lead to more foreign competition entering domestic market, it also raises the degree of contestability. Overall, entrance of foreign firm into domestic market can reduced monopoly power, domestic firms will seek to find ways to achieve productive efficiency leading to lower production costs. Larger production scales facilitated by FTAs enable firms to benefit from technical economies of scale. Specialization and repeated job functions increase productivity and reduce average costs, making Singapore's exports more price-competitive. Given that Singapore's exports often have a price elasticity of demand (PED) greater than one, this can lead to a significant rise in export revenue. Hence, net exports rise, causing greater BOT surplus and helping Singapore's (X-M) sector component to grow bigger. Since (X-M) & I are key components of aggregate demand, an increase in Singapore's net exports & I would lead to an increase in aggregate demand, leads to a multiple increase in real national income through the multiplier process thus reaping greater benefits in terms of actual growth. Higher FDI inflow, can lead to greater transfer and exchange of knowledge and skills thus improving

the quality and quantity of capital and labour of Singapore economy, helping Singapore economy to further increase its productive capacity leading to greater potential growth.

Limitations of signing more FTAs

- While signing more FTAs offers numerous benefits, one potential drawback is trade diversion. Trade diversion occurs when Singapore imports goods from FTA partner countries rather than more efficient non-member countries. This shift can potentially increase the overall cost of imports if the FTA partner's goods are more expensive or of lower quality compared to those from non-member countries.
- While the expanded market access, increased competition, and enhanced investment opportunities provided by FTAs generally outweigh the drawbacks, trade diversion can still result in higher costs for consumers and businesses. The challenge lies in ensuring that the benefits of FTAs outweigh the potential increase in import costs and that trade diversion is minimized through careful negotiation and agreement structuring.

OR Candidates could also explain supply-side policies promoting greater free trade is the best strategy for Singapore to improve her balance of trade amidst rising protectionism in the globalised world.

2nd Requirement: Explain how the use of another policy to develop Singapore's domestic capabilities as a complementary stance to promoting greater free trade.

Supply-side policies that focus on research and development (R&D) and improving labour productivity can be used to **enable Singapore to overcome domestic constraints, increase export competitiveness**, and maintain a robust economic position.

- Strengthening R&D initiatives enables Singapore to improve product quality and develop innovative goods. By investing in emerging industries and clusters such as robotics and 3D printing, Singapore can produce unique and high-quality products. This leads to increased demand for exports and strengthens Singapore's competitive edge.
- By focusing on high-value and technologically advanced products, Singapore can avoid head-on competition with low-cost producers. This strategic shift enhances Singapore's comparative advantage and contributes positively to its balance of trade.
- Investing in education and training ensures that the workforce remains highly skilled and adaptable. Supply-side policies aimed at increasing labour productivity help attract foreign direct investment by providing foreign firms with access to a skilled workforce without significant training costs.

Limitations of Supply-Side Policies

- Supply-side policies may take time to yield results as they depend on the effectiveness of training programs and the adaptability of the workforce. Delays in realizing benefits may occur if workers do not quickly acquire necessary skills.

- Implementing supply-side policies requires significant government funding, which could strain the budget and limit resources for other initiatives eg infrastructure development.

Evaluative Comments

When assessing whether promoting greater free trade is the most effective strategy for Singapore to improve its balance of trade amid rising global protectionism, several critical factors need to be weighed, each with its associated trade-offs and implications.

SG Context:

Singapore, as a small and resource-scarce nation, derives substantial benefits from engaging in free trade. This strategy allows Singapore to capitalize on its comparative advantages by specializing in sectors where it excels and accessing a broader range of global resources and markets. For Singapore, free trade is crucial for sustaining economic growth and maintaining competitiveness on the international stage. The country's diverse economic landscape — spanning finance, technology, pharmaceuticals, and manufacturing — enhances its ability to participate effectively in global trade. Free trade policies facilitate Singapore's ability to leverage these diverse strengths, broaden its market access, and drive economic expansion.

In today's interconnected global economy, the advantages of free trade are closely linked to the reciprocal actions of trading partners. As a global trading hub, Singapore is particularly vulnerable to trade tensions and retaliatory measures resulting from protectionist policies adopted by other nations. Embracing free trade enables Singapore to fortify its trade relationships, minimizing the risk of being excluded from new opportunities and markets. The optimal approach for Singapore is a nuanced strategy that blends free trade with strategic targeted measures as needed. For example, temporary protection for emerging or struggling industries, alongside initiatives for economic restructuring and skill development, can address immediate challenges while pursuing the long-term benefits of free trade.

Greater free trade fosters competition, compelling industries to address inefficiencies and adapt while protectionism might provide temporary relief by shielding specific industries from international competition, it often results in inefficiencies, diminished competitiveness, and hampered innovation. **Over the long term, free trade is more likely to promote both actual and potential growth, contributing to sustained economic development.**

Conclusion

Singapore should prioritize greater free trade to improve its balance of trade amidst global protectionism. As a small, resource-scarce, and diverse economy, free trade allows Singapore to leverage its strengths, access broader markets, and drive sustained economic growth. While protectionism might offer short-term benefits for specific industries, it risks inefficiencies and reduced competitiveness in the long run. A balanced

approach that combines free trade with targeted protectionist measures when needed can help Singapore address immediate challenges while pursuing long-term economic advantages.

Additional Information to support Thesis:

Explain why Singapore government should not engage in protectionist measures due to its drawback.

- Singapore is a small, resource-scarce, and highly open economy that relies heavily on international trade for both imports and exports. Given its dependence on trade, adopting free trade policies is crucial to maintaining a favourable balance of trade, especially in the face of rising global protectionism. While protectionist measures—such as tariffs or import restrictions—may appear attractive during times of economic distress, they can have significant drawbacks for a trade-dependent nation like Singapore.
- Economic downturns triggered by global events, such as the COVID-19 pandemic, have led some countries to adopt protectionist measures to shield domestic industries and stimulate local demand. These measures can be effective during widespread economic disruptions. However, for Singapore, who is deeply integrated into global supply chains, such measures are unlikely to resolve the core economic challenges. Instead, they could stifle international cooperation, reduce market access, and hinder the ability to capitalize on global growth opportunities.
- In cases where Singapore aims to **develop a comparative advantage in a new industry or sector**. For instance, Singapore's exclusive agreement with Taylor Swift to host the only Southeast Asian stop of her concert tour showcases its competitive advantage in the entertainment and tourism sectors. This arrangement not only enhances Singapore's profile in the entertainment and tourism sectors but also attracts international attention and investment. By leveraging such agreements, Singapore can build and showcase its competitive edge in emerging areas, contributing to its overall economic growth and diversification.

Markers' Comments:

This part of the question was poorly attempted. Many candidates gave rehearsed, generic responses that failed to address the specific context of the question. Additionally, while some candidates suggested that Singapore should use supply-side policies, such as R&D grants, to enhance the quality of exports, they did not provide sufficient detail. Candidates are expected to explain how specific supply-side policies could be applied to particular industries, and how these policies would enable firms to improve the quality of their exports in a targeted and meaningful way.

Mark Scheme:

Knowledge, Understanding, Application, Analysis														
L3	<p>Analysis & Application For an analytical answer that addresses the question thoroughly with clear explanation well supported by tools of analysis, such as relevant policies analysis and diagram.</p> <p>There is good ability to organise ideas or discriminate between relevant and irrelevant factors. Answer is well-focused on question with the good use of relevant economic concepts, theories or principles.</p> <p>Good application to the context of the question.</p> <p>Knowledge & Understanding For an answer that demonstrates an accurate knowledge and understanding of economic concepts, theories related to question.</p> <p>Marks within L3:</p> <table border="1"> <thead> <tr> <th>Annotat ion</th><th>Description</th><th>Mark</th></tr> </thead> <tbody> <tr> <td>A + A</td><td>Analytical explanations for 2 question requirements</td><td>10</td></tr> <tr> <td>A + C + K</td><td>1 analytical and 1 cursory explanation for 2 question requirements and an explanation of additional factor that is relevant</td><td>9</td></tr> <tr> <td>A + C</td><td>1 analytical and 1 cursory explanation for 2 question requirements</td><td>8</td></tr> </tbody> </table>	Annotat ion	Description	Mark	A + A	Analytical explanations for 2 question requirements	10	A + C + K	1 analytical and 1 cursory explanation for 2 question requirements and an explanation of additional factor that is relevant	9	A + C	1 analytical and 1 cursory explanation for 2 question requirements	8	8-10
Annotat ion	Description	Mark												
A + A	Analytical explanations for 2 question requirements	10												
A + C + K	1 analytical and 1 cursory explanation for 2 question requirements and an explanation of additional factor that is relevant	9												
A + C	1 analytical and 1 cursory explanation for 2 question requirements	8												
L2	<p>Analysis & Application For an under-developed answer that attempts to address the question and explain the policies Singapore government could use to improve her balance of trade amidst rising protectionism. Answers may be descriptive, lack an analytical approach (e.g. not supported with tools of analysis, incomplete use of graph) or is incompletely explained with gaps in analysis, e.g. missing links in the impact of the strategies on price stability. Or For a one-sided analytical answer that addresses only 1 policy.</p> <p>For an answer that is supported with some application to the context of the question. There is limited ability to organise ideas or discriminate between relevant and irrelevant materials. Answer has some relevance to the question context but is generic (e.g. pre-learnt answer that is not focused on addressing the question specifically) or addresses only selected parts of the question (e.g. limited reference to the impact on prices).</p> <p>Knowledge & Understanding</p>	5-7												

	<p>For an answer that demonstrates largely accurate knowledge and understanding of economic concepts, theories related to question, e.g. revenue and cost analysis and diagram (i.e. no major conceptual errors)</p> <p>Marks within L2:</p> <table> <tr> <th>Annotation</th><th>Description</th><th>Mark</th></tr> <tr> <td>A + K</td><td>1 analytical explanation for 1 question requirement and an explanation of additional factor that is relevant</td><td>7</td></tr> <tr> <td>C + C + K</td><td>Cursory explanations for 2 question requirements and an explanation of additional factor that is relevant</td><td>7</td></tr> <tr> <td>C + C</td><td>Cursory explanations for 2 question requirements</td><td>6</td></tr> <tr> <td>A + 0</td><td>1 analytical explanation for 1 question requirement</td><td>6</td></tr> <tr> <td>K + C + K</td><td>1 cursory explanation and 1 basic, unexplained statement or definition for 2 question requirements and an explanation of additional factor that is relevant</td><td>6</td></tr> <tr> <td>K + C</td><td>1 cursory explanation and 1 basic, unexplained statement or definition for 2 question requirements</td><td>5</td></tr> </table>	Annotation	Description	Mark	A + K	1 analytical explanation for 1 question requirement and an explanation of additional factor that is relevant	7	C + C + K	Cursory explanations for 2 question requirements and an explanation of additional factor that is relevant	7	C + C	Cursory explanations for 2 question requirements	6	A + 0	1 analytical explanation for 1 question requirement	6	K + C + K	1 cursory explanation and 1 basic, unexplained statement or definition for 2 question requirements and an explanation of additional factor that is relevant	6	K + C	1 cursory explanation and 1 basic, unexplained statement or definition for 2 question requirements	5				
Annotation	Description	Mark																								
A + K	1 analytical explanation for 1 question requirement and an explanation of additional factor that is relevant	7																								
C + C + K	Cursory explanations for 2 question requirements and an explanation of additional factor that is relevant	7																								
C + C	Cursory explanations for 2 question requirements	6																								
A + 0	1 analytical explanation for 1 question requirement	6																								
K + C + K	1 cursory explanation and 1 basic, unexplained statement or definition for 2 question requirements and an explanation of additional factor that is relevant	6																								
K + C	1 cursory explanation and 1 basic, unexplained statement or definition for 2 question requirements	5																								
L1	<p>Knowledge & Understanding</p> <p>For an answer that shows limited knowledge and understanding of relevant economic concepts and theories (e.g. basic description or definitions). Few valid points made which are scant and inadequately explained. Answers are mostly irrelevant and inaccurate. Answer demonstrates that the meaning of question is not properly grasped or may contain basic errors of theory.</p> <p>Marks within L1:</p> <table> <tr> <th>Annotation</th><th>Description</th><th>Mark</th></tr> <tr> <td>C + 0</td><td>One cursory explanation for 1 question requirement</td><td>4</td></tr> <tr> <td>K + K</td><td>Knowledge and understanding of 2 question requirements</td><td>4</td></tr> <tr> <td>K + K</td><td>Knowledge and understanding of 1 question requirement and knowledge of the second requirement</td><td>3</td></tr> <tr> <td>K + K</td><td>Knowledge of 2 question requirements</td><td>2</td></tr> <tr> <td>K + 0</td><td>Knowledge and understanding of 1 question requirement</td><td>2</td></tr> <tr> <td>K + 0</td><td>Knowledge of one question requirement</td><td>1</td></tr> <tr> <td>0</td><td>Nothing of relevance in the answer</td><td>0</td></tr> </table>	Annotation	Description	Mark	C + 0	One cursory explanation for 1 question requirement	4	K + K	Knowledge and understanding of 2 question requirements	4	K + K	Knowledge and understanding of 1 question requirement and knowledge of the second requirement	3	K + K	Knowledge of 2 question requirements	2	K + 0	Knowledge and understanding of 1 question requirement	2	K + 0	Knowledge of one question requirement	1	0	Nothing of relevance in the answer	0	0-4
Annotation	Description	Mark																								
C + 0	One cursory explanation for 1 question requirement	4																								
K + K	Knowledge and understanding of 2 question requirements	4																								
K + K	Knowledge and understanding of 1 question requirement and knowledge of the second requirement	3																								
K + K	Knowledge of 2 question requirements	2																								
K + 0	Knowledge and understanding of 1 question requirement	2																								
K + 0	Knowledge of one question requirement	1																								
0	Nothing of relevance in the answer	0																								

Evaluation detailed marking guide

Note:

A **well-explained evaluative judgement** should be supported by arguments presented in the answer and is linked to the context of the question.

An evaluative statement is a judgement that is not supported by arguments presented in the answer or not linked to the context of the question, e.g. pre-learnt evaluative statement.

Level		Mark
E3	Well-explained evaluative judgements about 2 requirements PLUS a summative conclusion	5
E2	Well-explained evaluative judgements about 2 requirements	4
E2	A well-explained evaluative judgement about 1 requirement + an evaluative statement for the second requirement PLUS a summative conclusion	4
E2	A well-explained evaluative judgement about 1 requirement + an evaluative statement for the second requirement	3
E1	A well-explained evaluative judgement about 1 requirement OR evaluative statements for 2 requirements	2
E1	An evaluative statement for 1 requirement	1
E0	No attempt at Evaluation	0