

Markscheme

November 2024

Economics

Standard level

Paper 1

© International Baccalaureate Organization 2024

All rights reserved. No part of this product may be reproduced in any form or by any electronic or mechanical means, including information storage and retrieval systems, without the prior written permission from the IB. Additionally, the license tied with this product prohibits use of any selected files or extracts from this product. Use by third parties, including but not limited to publishers, private teachers, tutoring or study services, preparatory schools, vendors operating curriculum mapping services or teacher resource digital platforms and app developers, whether fee-covered or not, is prohibited and is a criminal offense.

More information on how to request written permission in the form of a license can be obtained from <https://ibo.org/become-an-ib-school/ib-publishing/licensing/applying-for-a-license/>.

© Organisation du Baccalauréat International 2024

Tous droits réservés. Aucune partie de ce produit ne peut être reproduite sous quelque forme ni par quelque moyen que ce soit, électronique ou mécanique, y compris des systèmes de stockage et de récupération d'informations, sans l'autorisation écrite préalable de l'IB. De plus, la licence associée à ce produit interdit toute utilisation de tout fichier ou extrait sélectionné dans ce produit. L'utilisation par des tiers, y compris, sans toutefois s'y limiter, des éditeurs, des professeurs particuliers, des services de tutorat ou d'aide aux études, des établissements de préparation à l'enseignement supérieur, des fournisseurs de services de planification des programmes d'études, des gestionnaires de plateformes pédagogiques en ligne, et des développeurs d'applications, moyennant paiement ou non, est interdite et constitue une infraction pénale.

Pour plus d'informations sur la procédure à suivre pour obtenir une autorisation écrite sous la forme d'une licence, rendez-vous à l'adresse <https://ibo.org/become-an-ib-school/ib-publishing/licensing/applying-for-a-license/>.

© Organización del Bachillerato Internacional, 2024

Todos los derechos reservados. No se podrá reproducir ninguna parte de este producto de ninguna forma ni por ningún medio electrónico o mecánico, incluidos los sistemas de almacenamiento y recuperación de información, sin la previa autorización por escrito del IB. Además, la licencia vinculada a este producto prohíbe el uso de todo archivo o fragmento seleccionado de este producto. El uso por parte de terceros —lo que incluye, a título enunciativo, editoriales, profesores particulares, servicios de apoyo académico o ayuda para el estudio, colegios preparatorios, desarrolladores de aplicaciones y entidades que presten servicios de planificación curricular u ofrezcan recursos para docentes mediante plataformas digitales—, ya sea incluido en tasas o no, está prohibido y constituye un delito.

En este enlace encontrará más información sobre cómo solicitar una autorización por escrito en forma de licencia: <https://ibo.org/become-an-ib-school/ib-publishing/licensing/applying-for-a-license/>.

Use the question-specific markscheme together with the markbands. Award up to the maximum marks as indicated.

1. (a) Explain why an increase in the demand for a good would normally lead to an increase in its price, while an increase in the price of a good would normally lead to less of it being demanded. **[10]**

Answers **may** include:

- Terminology: demand.
- Explanation: that an increase in demand, caused by changes in any of the non-price determinants of demand, will shift the demand curve to the right (resulting in a shortage), and leading to an increase in price; whereas an increase in price, caused by a leftward shift of the supply curve, will cause a movement along the demand curve resulting in a decrease in the quantity demanded.
- Diagram: demand and supply diagram(s) showing a shift of the demand curve to the right and an increase in price; and/or a shift of the supply curve to the left, showing an increase in price and a decrease in quantity demanded.

*A maximum of [6] should be awarded if **only one** of the **two** aspects of the question is addressed.*

Assessment Criteria

Part (a) 10 marks

| Marks | Level descriptor |
|-------------|--|
| 0 | <ul style="list-style-type: none"> • The work does not reach a standard described by the descriptors below. |
| 1–2 | <ul style="list-style-type: none"> • The response indicates little understanding of the specific demands of the question. • Economic theory is stated but it is not relevant. • Economic terms are stated but they are not relevant. |
| 3–4 | <ul style="list-style-type: none"> • The response indicates some understanding of the specific demands of the question. • Relevant economic theory is described. • Some relevant economic terms are included. |
| 5–6 | <ul style="list-style-type: none"> • The response indicates understanding of the specific demands of the question, but these demands are only partially addressed. • Relevant economic theory is partly explained. • Some relevant economic terms are used appropriately. • Where appropriate, relevant diagram(s) are included. |
| 7–8 | <ul style="list-style-type: none"> • The specific demands of the question are understood and addressed. • Relevant economic theory is explained. • Relevant economic terms are used mostly appropriately. • Where appropriate, relevant diagram(s) are included and explained. |
| 9–10 | <ul style="list-style-type: none"> • The specific demands of the question are understood and addressed. • Relevant economic theory is fully explained. • Relevant economic terms are used appropriately throughout the response. • Where appropriate, relevant diagram(s) are included and fully explained. |

- (b) Using real-world examples, evaluate the view that public goods should always be provided by the government. **[15]**

Answers may include:

- Terminology: public good.
- Explanation: of the view in terms of why the government should provide public goods, *ie* the advantages of government provision, such as overcoming the problem of the market not allocating resources to the production of public goods due to the features of non-excludability and non-rivalry; the free rider problem; the positive externalities associated with public goods; the possible impact of extra government spending on AD and or LRAS.
- Diagram: a diagram is not expected.
- Synthesis (evaluate): a challenge to the view in terms of the possible reasons why the government should not always provide public goods, such as the additional government spending involved and the problem of opportunity cost; the problem of deciding which public goods should be provided and in what quantities; the difficulty of estimating future benefits; the possible benefits to be achieved by contracting out to the private sector.
- Examples: real-world examples of public goods being provided, or not being provided, by the government.

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.

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

Assessment Criteria

Part (b) 15 marks

| Marks | Level descriptor |
|--------------|---|
| 0 | <ul style="list-style-type: none"> • The work does not reach a standard described by the descriptors below. |
| 1–3 | <ul style="list-style-type: none"> • The response indicates little understanding of the specific demands of the question. • Economic theory is stated but it is not relevant. • Economic terms are stated but they are not relevant. • The response contains no evidence of synthesis or evaluation. • A real-world example(s) is identified but it is irrelevant. |
| 4–6 | <ul style="list-style-type: none"> • The response indicates some understanding of the specific demands of the question. • Relevant economic theory is described. • Some relevant economic terms are included. • The response contains evidence of superficial synthesis or evaluation. • A relevant real-world example(s) is identified. |
| 7–9 | <ul style="list-style-type: none"> • The response indicates understanding of the specific demands of the question, but these demands are only partially addressed. • Relevant economic theory is partly explained. • Some relevant economic terms are used appropriately. • Where appropriate, relevant diagram(s) are included. • The response contains evidence of appropriate synthesis or evaluation but lacks balance. • A relevant real-world example(s) is identified and partly developed in the context of the question. |
| 10–12 | <ul style="list-style-type: none"> • The specific demands of the question are understood and addressed. • Relevant economic theory is explained. • Relevant economic terms are used mostly appropriately. • Where appropriate, relevant diagram(s) are included and explained. • The response contains evidence of appropriate synthesis or evaluation that is mostly balanced. • A relevant real-world example(s) is identified and developed in the context of the question. |
| 13–15 | <ul style="list-style-type: none"> • The specific demands of the question are understood and addressed. • Relevant economic theory is fully explained. • Relevant economic terms are used appropriately throughout the response. • Where appropriate, relevant diagram(s) are included and fully explained. • The response contains evidence of effective and balanced synthesis or evaluation. • A relevant real-world example(s) is identified and fully developed to support the argument. |

2. (a) Explain the difference between the causes of short-term economic growth **and** long-term economic growth. **[10]**

Answers may include:

- Terminology: economic growth, short-term economic growth, long-term economic growth.
- Explanation: that short-term growth is actual growth resulting from increases in AD and/or SRAS; and that long-term growth results from an increase in production possibilities arising from increases in the quantity and/or improvements in the quality of the factors of production.
- Diagram: use of a PPC and/or AD/AS diagram to illustrate the causes of the two types of economic growth.

*A maximum of [6] should be awarded if **only one** of the **two** aspects of the question is addressed.*

Assessment Criteria

Part (a) 10 marks

| Marks | Level descriptor |
|-------|--|
| 0 | <ul style="list-style-type: none"> • The work does not reach a standard described by the descriptors below. |
| 1–2 | <ul style="list-style-type: none"> • The response indicates little understanding of the specific demands of the question. • Economic theory is stated but it is not relevant. • Economic terms are stated but they are not relevant. |
| 3–4 | <ul style="list-style-type: none"> • The response indicates some understanding of the specific demands of the question. • Relevant economic theory is described. • Some relevant economic terms are included. |
| 5–6 | <ul style="list-style-type: none"> • The response indicates understanding of the specific demands of the question, but these demands are only partially addressed. • Relevant economic theory is partly explained. • Some relevant economic terms are used appropriately. • Where appropriate, relevant diagram(s) are included. |
| 7–8 | <ul style="list-style-type: none"> • The specific demands of the question are understood and addressed. • Relevant economic theory is explained. • Relevant economic terms are used mostly appropriately. • Where appropriate, relevant diagram(s) are included and explained. |
| 9–10 | <ul style="list-style-type: none"> • The specific demands of the question are understood and addressed. • Relevant economic theory is fully explained. • Relevant economic terms are used appropriately throughout the response. • Where appropriate, relevant diagram(s) are included and fully explained. |

- (b) Using real-world examples, discuss whether high economic growth will always conflict with the other macroeconomic objectives. **[15]**

Answers may include:

- Terminology: economic growth, macroeconomic objectives.
- Explanation: that higher economic growth may or may not involve conflicts; potential conflicts include: low inflation, environmental sustainability and/or equity in income distribution. Economic growth may not always involve conflict if an outward shift of the LRAS curve lowers the rate of inflation, it results in growth that protects the environment, the growth is accompanied by measures to ensure a more equal distribution of income, and/or the growth results in increased employment.
- Diagram: any relevant diagram, such as an AD/AS diagram to show AD shifting to the right and/or LRAS shifting to the right or a Lorenz curve diagram.
- Synthesis (discuss): if the candidate starts the answer with a discussion of the possible conflicts, a counter-balancing discussion of the reasons why there might not be any conflicts can count as evaluation (discussion) or vice versa
- Examples: real-world examples where a higher rate of economic growth either has or has not conflicted with other macroeconomic objectives.

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.

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

Assessment Criteria

Part (b) 15 marks

| Marks | Level descriptor |
|--------------|---|
| 0 | <ul style="list-style-type: none"> • The work does not reach a standard described by the descriptors below. |
| 1–3 | <ul style="list-style-type: none"> • The response indicates little understanding of the specific demands of the question. • Economic theory is stated but it is not relevant. • Economic terms are stated but they are not relevant. • The response contains no evidence of synthesis or evaluation. • A real-world example(s) is identified but it is irrelevant. |
| 4–6 | <ul style="list-style-type: none"> • The response indicates some understanding of the specific demands of the question. • Relevant economic theory is described. • Some relevant economic terms are included. • The response contains evidence of superficial synthesis or evaluation. • A relevant real-world example(s) is identified. |
| 7–9 | <ul style="list-style-type: none"> • The response indicates understanding of the specific demands of the question, but these demands are only partially addressed. • Relevant economic theory is partly explained. • Some relevant economic terms are used appropriately. • Where appropriate, relevant diagram(s) are included. • The response contains evidence of appropriate synthesis or evaluation but lacks balance. • A relevant real-world example(s) is identified and partly developed in the context of the question. |
| 10–12 | <ul style="list-style-type: none"> • The specific demands of the question are understood and addressed. • Relevant economic theory is explained. • Relevant economic terms are used mostly appropriately. • Where appropriate, relevant diagram(s) are included and explained. • The response contains evidence of appropriate synthesis or evaluation that is mostly balanced. • A relevant real-world example(s) is identified and developed in the context of the question. |
| 13–15 | <ul style="list-style-type: none"> • The specific demands of the question are understood and addressed. • Relevant economic theory is fully explained. • Relevant economic terms are used appropriately throughout the response. • Where appropriate, relevant diagram(s) are included and fully explained. • The response contains evidence of effective and balanced synthesis or evaluation. • A relevant real-world example(s) is identified and fully developed to support the argument. |

3. (a) Explain how foreign aid can help to promote economic development in economically least developed countries (ELDCs). **[10]**

Answers may include:

- Terminology: foreign aid, economic development, economically least developed country.
- Explanation: that foreign aid may promote economic development by breaking the poverty cycle, by bridging the savings and foreign exchange gaps, by promoting economic growth that leads to economic development, by lessening income inequality, by providing resources for health, education and infrastructure and by helping to achieve the sustainable development goals (SDGs).
- Diagram: any relevant diagram such as an AD/AS, poverty cycle or Lorenz curve diagram.

Assessment Criteria

Part (a) 10 marks

| Marks | Level descriptor |
|-------------|--|
| 0 | <ul style="list-style-type: none"> • The work does not reach a standard described by the descriptors below. |
| 1–2 | <ul style="list-style-type: none"> • The response indicates little understanding of the specific demands of the question. • Economic theory is stated but it is not relevant. • Economic terms are stated but they are not relevant. |
| 3–4 | <ul style="list-style-type: none"> • The response indicates some understanding of the specific demands of the question. • Relevant economic theory is described. • Some relevant economic terms are included. |
| 5–6 | <ul style="list-style-type: none"> • The response indicates understanding of the specific demands of the question, but these demands are only partially addressed. • Relevant economic theory is partly explained. • Some relevant economic terms are used appropriately. • Where appropriate, relevant diagram(s) are included. |
| 7–8 | <ul style="list-style-type: none"> • The specific demands of the question are understood and addressed. • Relevant economic theory is explained. • Relevant economic terms are used mostly appropriately. • Where appropriate, relevant diagram(s) are included and explained. |
| 9–10 | <ul style="list-style-type: none"> • The specific demands of the question are understood and addressed. • Relevant economic theory is fully explained. • Relevant economic terms are used appropriately throughout the response. • Where appropriate, relevant diagram(s) are included and fully explained. |

- (b) Using real-world examples, discuss the view that rising income inequality is the most important economic barrier to economic growth **and** economic development. **[15]**

Answers may include:

- Terminology: income inequality, economic growth, economic development.
- Explanation: of the view in terms of the impact of rising income inequality on political instability and political control by the rich and powerful, low levels of consumption of the poor and thus AD, high levels of savings by the rich, low levels of investment by lower income groups in human capital, intergenerational inequality of opportunity.
- Diagram: any relevant diagram such as an AD/AS, PPC, poverty cycle or Lorenz curve diagram.
- Synthesis (discuss): a challenge to the view in terms of the circumstances in which greater inequality may promote growth and development, e.g. through the impact of greater saving by the rich and trickle-down theory; the importance of other economic barriers such as lack of access to infrastructure and technology; low levels of human capital; dependence on primary sector production, lack of access to international markets; the informal economy; capital flight; indebtedness; geography; climate and disease.
- Examples: real-world examples of countries in which rising income inequality is or is not the most important barrier to growth and development.

*A maximum of [9] should be awarded if **only** growth **or** development is considered.*

As the question requires a discussion of 'most important', a maximum of [12] should be awarded where no other barriers are considered, as the question would not be fully addressed. For [13] or more, the synthesis and discussion must be effective and balanced and there must be at least some mention of alternative barriers.

***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.*

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

Assessment Criteria

Part (b) 15 marks

| Marks | Level descriptor |
|--------------|---|
| 0 | <ul style="list-style-type: none"> • The work does not reach a standard described by the descriptors below. |
| 1–3 | <ul style="list-style-type: none"> • The response indicates little understanding of the specific demands of the question. • Economic theory is stated but it is not relevant. • Economic terms are stated but they are not relevant. • The response contains no evidence of synthesis or evaluation. • A real-world example(s) is identified but it is irrelevant. |
| 4–6 | <ul style="list-style-type: none"> • The response indicates some understanding of the specific demands of the question. • Relevant economic theory is described. • Some relevant economic terms are included. • The response contains evidence of superficial synthesis or evaluation. • A relevant real-world example(s) is identified. |
| 7–9 | <ul style="list-style-type: none"> • The response indicates understanding of the specific demands of the question, but these demands are only partially addressed. • Relevant economic theory is partly explained. • Some relevant economic terms are used appropriately. • Where appropriate, relevant diagram(s) are included. • The response contains evidence of appropriate synthesis or evaluation but lacks balance. • A relevant real-world example(s) is identified and partly developed in the context of the question. |
| 10–12 | <ul style="list-style-type: none"> • The specific demands of the question are understood and addressed. • Relevant economic theory is explained. • Relevant economic terms are used mostly appropriately. • Where appropriate, relevant diagram(s) are included and explained. • The response contains evidence of appropriate synthesis or evaluation that is mostly balanced. • A relevant real-world example(s) is identified and developed in the context of the question. |
| 13–15 | <ul style="list-style-type: none"> • The specific demands of the question are understood and addressed. • Relevant economic theory is fully explained. • Relevant economic terms are used appropriately throughout the response. • Where appropriate, relevant diagram(s) are included and fully explained. • The response contains evidence of effective and balanced synthesis or evaluation. • A relevant real-world example(s) is identified and fully developed to support the argument. |