

PEARSON EDEXCEL IAL ECONOMICS • YEC11

ECONOMICS



EXAM QUESTION PACK

UNIT 4: CAUSES AND EFFECTS OF GLOBALISATION

SCORE

/102

PERCENTAGE

%

STEMUP

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Q1.

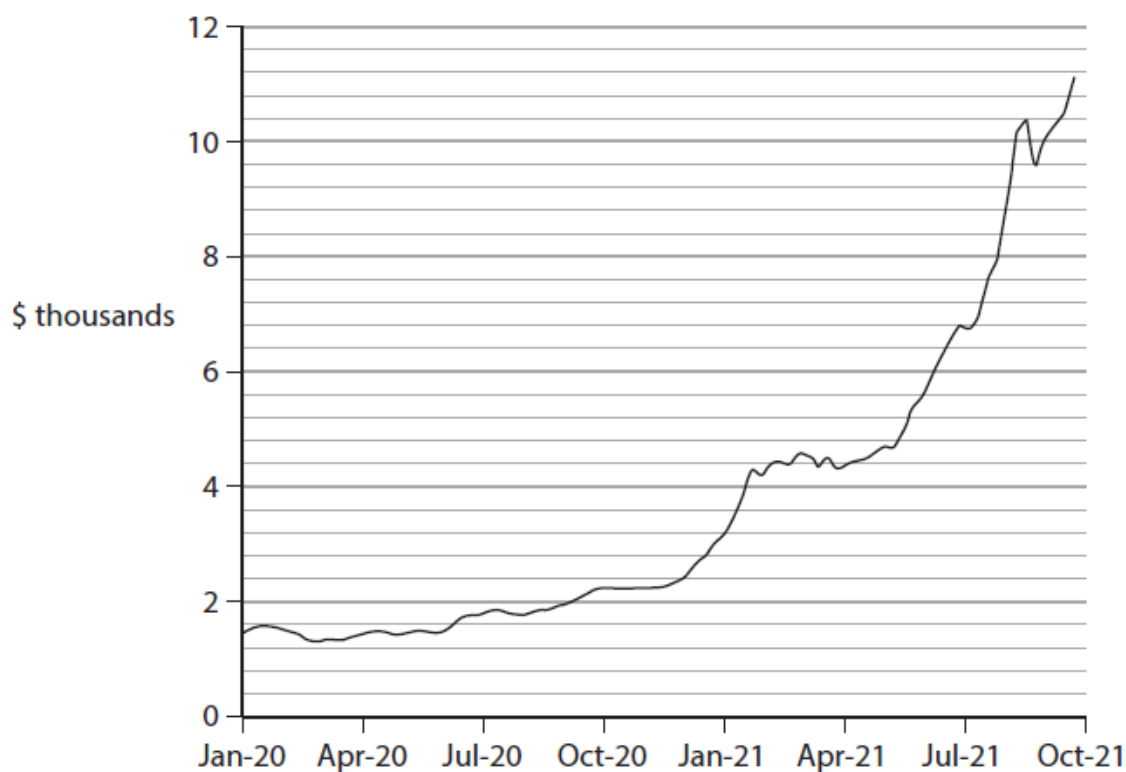
With reference to Figure 1 and the first paragraph of Extract A, analyse two causes of the increase in the rate of inflation.

(Total for question = 6 marks)

Q2.

Answer the question with a cross in the box you think is correct ☐. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☐.

The chart shows average global container shipping costs, in \$ thousands, between January 2020 and October 2021.



Ceteris paribus, which **one** of the following is most likely to result from this trend in global container shipping costs?

- ☒ **A** Costs of production for businesses will fall
- ☒ **B** Global inflationary pressures will not change
- ☒ **C** Patterns of world trade will not change
- ☒ **D** Trade as a proportion of world GDP will fall

(Total for question = 1 mark)

Q3.

Between 1970 and 2020 growth in international trade, a key measure of globalisation, increased significantly.

Evaluate whether the benefits of globalisation outweigh the costs. Refer to a country of your choice in your answer.

(Total for question = 20 marks)

Q4.

Between Q1 2020 and Q4 2021 the average annual rate of inflation in New Zealand increased from 2.5% to 5.4%.

Calculate the change in the rate of inflation between Q1 2020 and Q4 2021. You are advised to show your working.

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(Total for question = 2 marks)

Q5.

In the first quarter of 2022 the USA and Australia both experienced inflows of foreign direct investment (FDI) of \$67 billion and \$59 billion respectively.

Evaluate the potential economic benefits to a developed country of FDI inflows.

(Total for question = 20 marks)

Q6.

Study Figures 1, 2 and 3 and Extract A in the Source Booklet before answering this question.

With reference to Figure 2 and Extract A, examine **two** likely economic benefits to Vietnam of FDI inflows.

(Total for question = 8 marks)

Q7.

Study Figures 1, 2 and 3 and Extract A in the Source Booklet before answering this question.

With reference to Figure 1 and the second paragraph of Extract A, calculate the value of FDI in Vietnam in 2023. You are advised to show your working.

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(Total for question = 2 marks)

Q8.

Between 2000 and 2022 globalisation was a significant factor that led to an increase in average incomes in Indonesia. However, income inequality within the country also increased during the same period.

Evaluate reasons why globalisation may lead to an increase in income inequality within a country. Refer to a country of your choice in your answer.

(Total for question = 20 marks)

Q9.

Between 1980 and 2020 it was estimated that total global shipping container volumes increased from 100 million tonnes to 2 billion tonnes.

Evaluate factors that have contributed to increased globalisation in the last 50 years. Refer to examples of countries in your answer.

(Total for question = 20 marks)

Q10.

The table shows Sweden's GDP per capita between 2015 and 2017.

Year	GDP per capita
2015	\$55 395
2016	\$56 473
2017	\$56 935

If 2016 is the base year, the index number for 2017 is:

- ☐ **A** 100.0
- ☐ **B** 100.8
- ☐ **C** 101.9
- ☐ **D** 102.8

(Total for question = 1 mark)

Q11.

Answer the question with a cross in the box you think is correct ☐. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☐.

Which **one** of the following factors has contributed to increased globalisation in the last 50 years?

- ☐ **A** An increase in the cost of transport
- ☐ **B** An increase in the cost of communications
- ☐ **C** A reduction in tariffs and quotas
- ☐ **D** A reduction in the number of trading blocs

(Total for question = 1 mark)

Q12.

Answer the question with a cross in the box you think is correct ☒. If you change your mind about an answer, put a line through the box ~~☒~~ and then mark your new answer with a cross ☒.

Globalisation has been associated with an increase in real GDP per capita in many countries. However, some economists consider that there are costs associated with globalisation.

Ceteris paribus, which **one** of the following is a possible cost of globalisation on the global economy?

- ☐ **A** Lower prices and higher consumer surplus
- ☐ **B** Lower rates of unemployment
- ☐ **C** Higher long-run average costs for transnational companies
- ☐ **D** Higher external costs arising from increased trade

(Total for question = 1 mark)

Mark Scheme

Q1.

Question	With reference to Figure 1 and the first paragraph of Extract A, analyse two causes of the increase in the rate of inflation. Answer	Mark
	Knowledge 2, Application 2, Analysis 2 Quantitative skills assessed: QS2: Calculate, use and understand percentages, percentage changes and percentage point changes. QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. Knowledge and analysis Up to 2 marks for identifying two causes and one mark for each linked explanation, e.g.: • Disruptions to the global supply chain/restrictions that had been in place during the global health crisis (1K) prevented firms from expanding capacity, creating shortages and causing cost-push inflation (1AN) • Global health crisis (1K) increased government spending which resulted in an increase AD causing demand-pull inflation (1AN) • High energy costs (1K) would increase firms cost of production, shifting SRAS left causing cost-push inflation (1AN) • Increase in consumer demand for goods and services (1K) would increase in consumption/AD causing demand-pull inflation (1AN) • Rising house prices (1K) would increase homeowners' confidence and increase consumption/AD causing demand-pull inflation (1AN) NB: Demand-pull inflation and cost-push inflation may be shown through an accurately drawn and labelled AD/SRAS diagram	

	Application Up to 2 marks for application to Figure 1, e.g.: Between Q1 2021 and Q4 2021 e.g.: • USA rate of inflation increased from around 1.9% (1) to 6.4% (1) • UK rate of inflation increased by approximately 3.6 (1) percentage points (1)	(6)
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Q2.

Question Number	Quantitative skills assessed	Answer	Mark
	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	The only correct answer is D A is not correct because higher shipping costs are likely to increase production costs B is not correct because global inflationary pressures will increase due to higher costs of production for businesses C is not correct because there are likely to be changes in the patterns of world trade	(1)

Q3.

Question	Evaluate whether the benefits of globalisation outweigh the costs. Refer to a country of your choice in your answer.
	Indicative content
	Indicative content guidance Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. Knowledge, Application, Analysis (12 marks) - indicative content Understanding of globalisation

	Benefits of globalisation include: • Application of the law of comparative advantage: an explanation leading to specialisation, trade, increased world output and higher living standards • Consumers: Lower prices (increased consumer surplus); more choice and variety – increase consumer surplus and more allocative efficiency • Firms: Larger markets; benefits arising from different economies of scale leading to higher revenues/profits • Greater technology transfer and sharing of new managerial techniques • Increase in tax revenues which could be utilised by the government for expenditure on public services • Reduction in absolute poverty in LEDCs who have experienced an increase in their real GDP • Labour migration reduces geographical inequality - e.g. in the EU, Eastern European workers migrating to Western Europe for work • Increased competition: firms have incentives to increase their productive efficiency (such as reducing production costs) • Higher earnings at the top of the income distribution will finally lead to more income and wealth for everyone (trickle-down theory) N.B. Award maximum of Level 3 (9 marks) if a candidate does not refer to a country of their choice in their answer N.B. Candidates may include benefits of globalisation as KAA and costs of globalisation as Evaluation (and vice versa)
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Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
Level 2	4-6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
Level 3	7-9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident, but they may not be developed fully or some stages are omitted.
Level 4	10-12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

Evaluation (8 marks) - indicative content

Costs of globalisation include:

- Over-dependence on imports leading to a deterioration of the country's current account position of the balance of payments
- Exploitation of labour; e.g. children and women, lower wages and longer working hours, poor health and safety conditions
- Negative externalities/external costs arising from increased trade e.g. from increased production or from air freight/shopping – causing pollution
- Increase in consumption of non-renewable resources: will makes it harder for future generations to achieve sustainable economic growth
- Increased inequality between developed economies and LEDCs; and also within developed/developing countries
- Free movement of labour can result in excess pressure on social services and housing; could also lead to brain drain
- Displaced workers due to closing down of traditional domestic industries
- TNCs might engage in tax avoidance policies or transfer pricing causing a reduction in tax revenues for governments
- Increased risk of economic contagion, more susceptible to global economic crisis e.g. global economic crisis 2008 and global health crisis, affecting countries that were especially reliant on trade
- Constraints in the supply chain and shortages of goods as a result of the global health crisis 2020, affecting countries who were reliant on imports
- There is very little evidence that trickle-down theory works in practice

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	7–8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

Question	Between Q1 2020 and Q4 2021 the average annual rate of inflation in New Zealand increased from 2.5% to 5.4%. Calculate the change in the rate of inflation between Q1 2020 and Q4 2021. You are advised to show your working. Answer	Mark
	Application 2 Quantitative skills assessed: QS2: Calculate, use and understand percentages, percentage changes and percentage point changes. QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. Up to 2 marks for calculations: • 5.4% - 2.5% (1) • 2.9 percentage points (1) OR • $(5.4\% - 2.5\%) / 2.5\% \times 100$ (1) • 116% (1) NB Award 2 marks for correct answer (2.9 percentage points or 116%) NB Award only 1 mark for 2.9% or 116	(2)

Q5.

Question	In the first quarter of 2022 the USA and Australia both experienced inflows of foreign direct investment (FDI) \$67 billion and \$59 billion respectively Evaluate the potential economic benefits to a developed country of FDI inflows. Indicative content
	Indicative content guidance Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.

	Knowledge, Application, Analysis (12 marks) – indicative content • Understanding of FDI Economic benefits could include: • Inflows into the financial account of the balance of payments • Long term improvement on the current account of balance of payments if exports rise (a rise in foreign currency earnings) • Economic growth - greater injection into the circular flow; AD/AS analysis and multiplier effects on real GDP • Increase in skills of the workforce if TNCs invest in training programmes • Increased employment in the host country • Development of new infrastructure by TNCs • New methods of production and working practices • Use of cleaner technology resulting in less negative externalities/ environmental degradation • Productivity and technology transfer • Increased tax revenue to government • Could help close the country's savings gap
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Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
Level 2	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
Level 3	7–9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 4	10–12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

	Evaluation (8 marks) – indicative content - Negative impact on the current account of balance of payments due to the repatriation of profits and dividends by TNCs abroad - Higher competition for domestic producers who may not be able to compete - Impact on economic growth depends on the value of the multiplier and/or the level of spare capacity in the economy - Poorly paid employment and low-skilled jobs if TNCs bring their own skilled workers and managers from abroad - Increased dependence of economy on decisions made by managers abroad. Significant if the investment is withdrawn in the future which could lead to economic and social disruption (given TNCs are footloose) - Domestic firms might not benefit if technologies are protected by patents - Increase in negative production externalities/environmental degradation - Tax avoidance schemes and transfer pricing could be used by TNCs - TNCs may exert political influence, e.g. on governments tax policies - Impact on the economy might be small (if there is little value added) - Overall impact depends on net FDI (inflows minus outflows) - FDI inflows as a proportion of GDP is more significant than absolute values e.g. Australia FDI inflows are a larger proportion of GDP compared to USA
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Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	7–8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

Q6.

Question	With reference to Figure 2 and Extract A, examine two likely economic benefits to Vietnam of FDI inflows.	Mark
	Answer	
	Knowledge 2, Application 2, Analysis 2, Evaluation 2 Quantitative skills assessed: QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. Knowledge and analysis Up to 2 marks for identifying two effects and up to 2 marks for linked explanations, e.g.: • Higher economic growth in Vietnam (1K) due to greater injections into circular flow of income/increase in aggregate demand (1AN) • Higher employment/lower unemployment in Vietnam (1K) thus increasing incomes/reducing absolute poverty (1AN) • Improvement in Vietnam's balance of payments (1K) as there will be greater inflows into the financial account (1AN) • Higher tax revenue to the Government of Vietnam (1K) from higher corporation tax from TNCs/can be used to improve the country's infrastructure/improve public finances (1AN) • Greater productivity through technology transfer as new methods of production/working practices are implemented (1K) will shift Vietnam's LRAS, increasing potential output (1AN) • Promotes economic development (1K) as the FDI inflows can help close the country's savings gap/foreign exchange gap (1AN) • Greater skills/productivity of Vietnam's workforce (1K) if the TNCs decide to invest in training programmes (1AN)	

	Application 1 mark for application to Figure 2, e.g.: • FDI into Vietnam increased each year / Japan was the largest source of FDI into Vietnam / FDI inflows into Vietnam from Japan amount to \$3.4 billion / Sources of FDI include Japan, Singapore, China, Denmark and South Korea / TNCs from all countries invested over £1 billion in Vietnam (1) AND 1 mark for application to Extract A, e.g.: • 962 new FDI projects in the first five months of 2022 compared with 578 projects in the same period in 2021 / In 2023 FDI inflows into Vietnam increased by 32.1% compared with 2022 / FDI inflows are an important source of national income for Vietnam (1)	(8)
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	Evaluation Up to 2 marks for evaluative comments (1+1) or (2+0): • Impact on economic growth depends on the value of the multiplier and/or the level of spare capacity in the economy (1) • Poorly paid employment and low-skilled jobs (1) if TNCs bring their own skilled workers and managers from abroad e.g. Denmark (1) • Could result in exploitation of workers in Vietnam (1) as TNCs may offer them low wages/poor working conditions (1) • Employment may not rise/unemployment may not fall if investment is made in capital intensive industries (1) resulting in less derived demand for labour (1) • Inflationary pressures are likely to increase (1) as a result of an increase in aggregate demand (1) • Negative impact on the current account of balance of payments (1) due to the repatriation of profits and dividends by TNCs (1) • Higher competition for domestic producers who may not be able to compete with TNCs from Japan/South Korea (1) who may benefit from significant economies of scale (1) • Tax avoidance schemes/transfer pricing could be used by these TNCs (1) thereby reducing government tax revenues (1) • Negative production externalities (1) as TNCs may contribute to greater pollution (1) • TNCs may exert political influence (1), e.g. on the tax policies of Vietnam's Government (1) • Firms in Vietnam may not benefit if technologies of other countries e.g. South Korea are protected by patents (1) and may not benefit from dynamic efficiency/technical economies of scale (1) • Increased dependence of Vietnam on decisions made by managers abroad (1); may be significant if the investment is withdrawn in the future: can reduce economic development (TNCs are footloose) (1) • Overall impact depends on net FDI (1) as effects are likely to be highly insignificant if FDI inflows are less than FDI outflows (1) • FDI inflows as a proportion of GDP are likely to be more significant than absolute values (1) • High costs of bureaucracy/weak physical infrastructure/labour shortages (1) could restrict FDI into Vietnam in the long-term/creates uncertainty on the impact of the benefits of FDI (1) • The magnitude of FDI - 32.1% in 2023 - is large (1) so will bring significant economic benefits to Vietnam (1)	
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Q7.

Question	With reference to Figure 1 and the second paragraph of Extract A, calculate the value of FDI in Vietnam in 2023. You are advised to show your working. Answer	Mark
	Application 2 Quantitative skills assessed: QS2: Calculate, use and understand percentages, percentage changes and percentage point changes QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. Up to 2 marks for calculations: • \$22.4 billion x 1.321 (1) • \$29.59 billion (1) NB Award 2 marks for correct answer (\$29.59 billion / \$29.6 billion / \$30 billion) NB Award only 1 mark for \$29.59 / \$29.6 / \$30	(2)

Q8.

Question	Between 2000 and 2022 globalisation was a significant factor that led to an increase in average incomes in Indonesia. However, income inequality within the country also increased during the same period. Evaluate reasons why globalisation may lead to an increase in income inequality within a country. Refer to a country of your choice in your answer. Indicative content
	Indicative content guidance Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms. Knowledge, Application and Analysis (12 marks) – indicative content • Understanding of globalisation • Understanding of income inequality Reasons may include: • Inward migration of low-skilled workers may depress wage rates and could widen the wage gap between skilled or semi-skilled, and unskilled workers who are likely to experience a reduction in their relative wage • Skilled workers can earn higher incomes as there will be increased global demand for their services • Workers who are mobile and who have the skills can move from declining to expanding industries • Workers who lack the skills and occupational mobility are likely to face structural unemployment • Businesses may gain greater profits as they are able to locate to low-cost countries, and therefore workers in developed economies may be made redundant N.B. Accept why globalisation increases income inequality as KAA and why it does not as EV, or vice versa N.B. Award maximum of Level 3 (9 marks) if a candidate does not refer to a country(s) in their answer

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
Level 2	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
Level 3	7–9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 4	10–12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

	Evaluation (8 marks) – indicative content • Improvements in labour mobility as a result of globalisation might help to reduce income inequality • Economic growth resulting from globalisation could lead to an increase in tax revenue for governments that may be spent on raising incomes of low-income groups • TNCs usually spend on training, so human capital may increase resulting in a decrease in unemployment and income inequality • Higher profits of businesses can be used to raise wages of unskilled workers • Increased protectionism may be reducing the impact of globalisation on income inequality • Higher average incomes associated with globalisation might not necessarily result in increased income inequality i.e. the impact is unlikely to be the same for different countries • Other factors are more important than globalisation in causing inequality
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Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	7–8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

Q9.

Question	Between 1980 and 2020 it was estimated that total global shipping container volumes increased from 100 million tonnes to 2 billion tonnes. Evaluate factors that have contributed to increased globalisation in the last 50 years. Refer to examples of countries in your answer. Indicative content
	Indicative content guidance Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.

	Knowledge, Application, Analysis (12 marks) – indicative content • Understanding/definition of globalisation • Reduced cost of transport because, e.g. ○ Technical efficiencies are demonstrated through containerisation in freight ships and lorries ○ Transport/volume economies of scale – larger planes and ships have reduced average transportation cost in the long run ○ Increase in fuel efficiency in the use of planes, ships and trains which reduce transport fuel cost ○ Better transport infrastructure across the world – airports, seaports, road and rail networks • Trade liberalisation: reduction in trade barriers linked to the work of WTO; application of law of comparative advantage and link to specialisation • Increased number and size of trading blocs: application to trade creation • Reduced costs of communication: e.g. internet, mobile technology and other technological advances have made it easy to communicate/share information; introduction of new electronic payment systems • Political change: opening up of previously closed economies to the world market, e.g. breakdown of the Soviet system and opening up of China • Increased significance of TNCs: have entered new markets and invested significantly in expanding abroad to increase sales/revenues/profits (via offshoring and outsourcing) • Opening up of global financial markets: this has included removal of capital controls in many countries allowing for more FDI and/or repatriation • High and rising real incomes in many countries have resulted in an increase in demand for imports due to higher marginal propensity to import
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	• Increased movement of people between countries – immigration and/or emigration N.B. Award maximum of Level 3 (9 marks) if a candidate does not refer to examples of countries in their answer
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Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
Level 2	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
Level 3	7–9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident but they may not be developed fully or some stages are omitted.
Level 4	10–12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

Evaluation (8 marks) – indicative content

- Prioritisation and significance of factors/arguments discussed, e.g. reduced cost of transport is most important – 1900% increase in container volumes
- Costs of transport:
 - Different impact on different countries, e.g. landlocked countries are not going to benefit as much from containerisation as compared to those countries with access to seaports
 - Inadequate infrastructure: smaller countries do not have seaports for larger ships; they have to resort to air cargo – fall in the cost per unit is not as significant for these countries
 - Due to global health crisis freight cost has increased significantly
- Trade liberalisation: Trade talks of Doha round, started in 2001, have been unsuccessful in reducing trade barriers/WTO also less successful in reducing non-tariff barriers/Deglobalisation resulting from the Global Financial Crisis 2008 or other external shocks
- Number and size of trading blocs: countries are leaving trading blocs (e.g. UK and the EU) and threatening to leave (Grexit, Italeave, etc)
- Political change: Slowbalisation resulting from trade wars between countries (e.g. China versus USA)
- Cost of communications: many people in developing countries are excluded from benefits from internet or mobile technology due to being poor (living in poverty), being illiterate or having no access to computer systems
- There is unlikely to be one significant factor, but a combination of factors that has increased globalisation over the last 50 years
- Significance of factors change overtime, e.g. disruption to supply chains as a result of the global health crisis 2020 is more important than other factors / shortages of labour have resulted in shortages of goods and hence less trade

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	7–8	Evaluation recognises different viewpoints and/or is critical of the evidence, leading to an informed judgement. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

Question Number	Quantitative skills assessed	Answer	Mark
	QS5: Calculate and interpret index numbers.	The only correct answer is B <i>A is not correct because 100.0 represents the base year</i> <i>C is not correct because 101.9 is the index number for 2016 using 2015 as base year</i> <i>D is not correct because 102.8 is the index number for 2017 using 2015 as base year</i>	(1)

Q11.

Question Number	Quantitative skills assessed	Answer	Mark
	-	The only correct answer is C <i>A is not correct because this will not lead to an increase in globalisation</i> <i>B is not correct because this will not lead to an increase in globalisation</i> <i>D is not correct because this will not lead to an increase in globalisation</i>	(1)

Q12.

Question Number	Quantitative skills assessed	Answer	Mark
	QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms.	The only correct answer is D <i>A is not correct because this is a possible benefit of globalisation</i> <i>B is not correct because this is a possible benefit of globalisation</i> <i>C is not correct because globalisation may lead to an increase in economies of scale for TNCs</i>	(1)